

STATE OF MONTANA  
DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION

Report on Audit

Conducted Under Contract By  
Newland, Horn, Crippen & Peck, P.C.  
Certified Public Accountants

Two Fiscal Years Ended September 30, 1982

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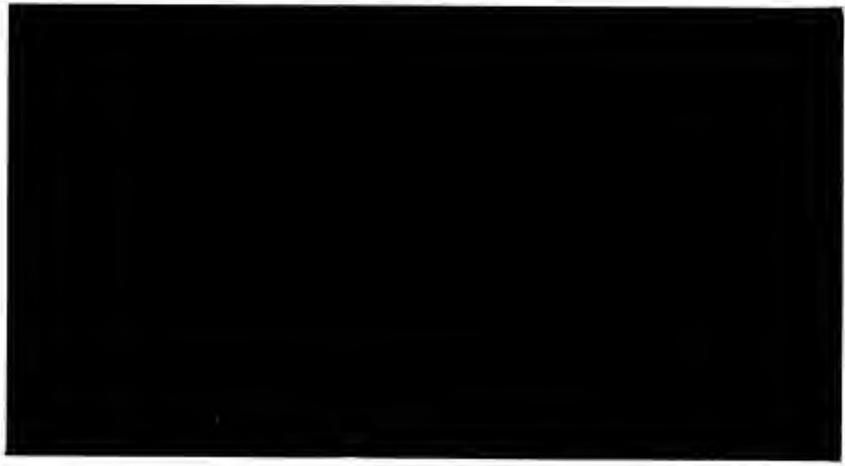
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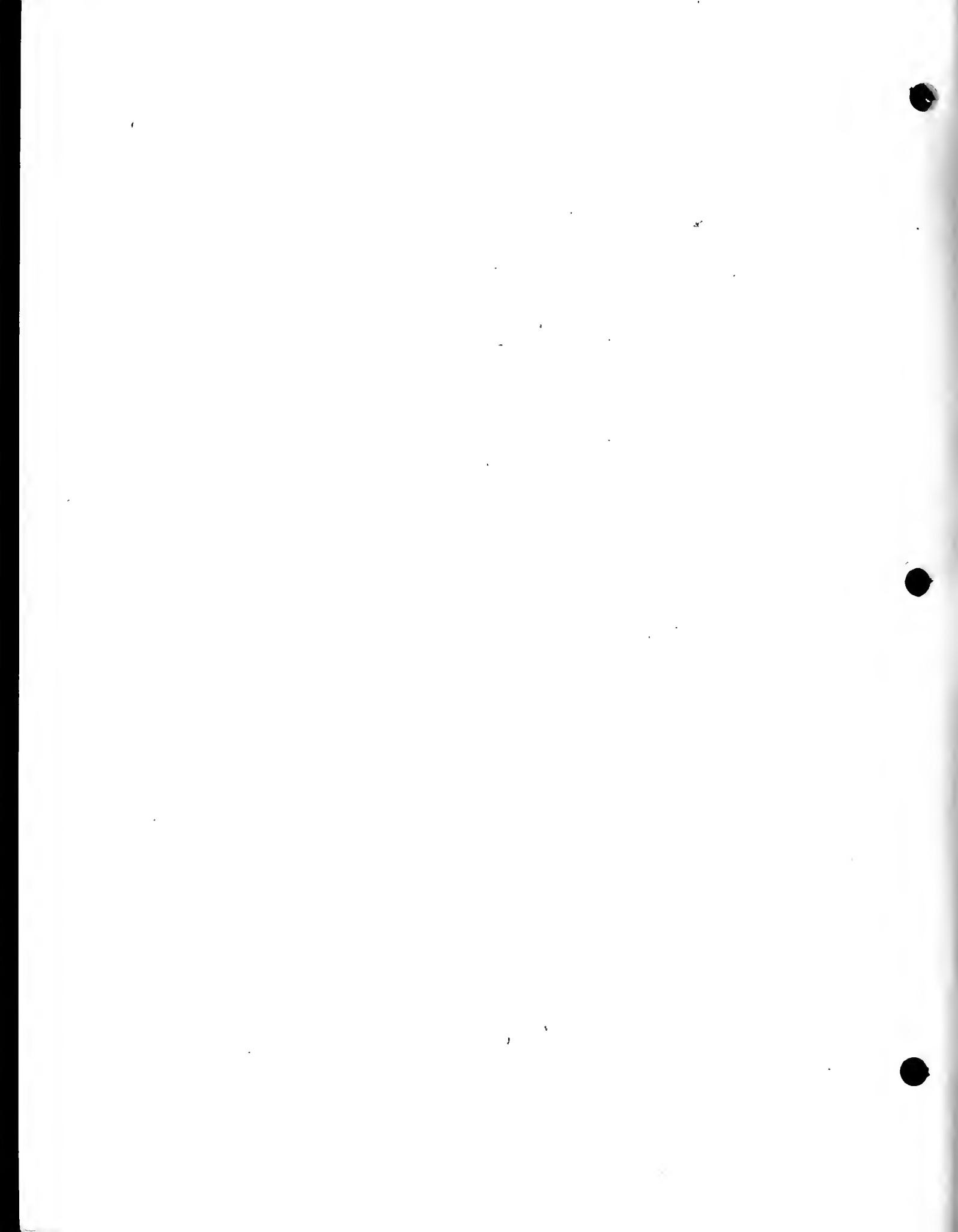
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STATE OF MONTANA

Office of the Legislative Auditor



STATE CAPITOL  
HELENA, MONTANA 59620  
406/449-3122

ROBERT R. RINGWOOD  
LEGISLATIVE AUDITOR

December 1982

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The Legislative Audit Committee  
of the Montana State Legislature:

Enclosed is the report on the audit of the Department of Labor,  
Employment Security Division, for the two federal fiscal years  
ended September 30, 1982.

The audit was conducted by Newland, Horn, Crippen and Peck, P.C.,  
under a contract between the firm and our office. The comments and  
recommendations contained in this report represent the views of the  
firm and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is  
included in the back of the audit report.

Respectfully submitted,

*Robert R. Ringwood*  
Robert R. Ringwood  
Legislative Auditor



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ADMINISTRATIVE OFFICIALS

DEPARTMENT OF LABOR AND INDUSTRY

David Hunter

Commissioner

JOB SERVICE DIVISION

T. Gary Curtis

Administrator

UNEMPLOYMENT INSURANCE DIVISION

Harold V. Kansier

Administrator

CENTRALIZED SERVICES DIVISION

Chester C. Rusek

Administrator



## SUMMARY OF RECOMMENDATIONS

As a separate section in the front of each audit report, we include a listing of all recommendations, together with a notation as to whether the agency concurs or does not concur with each recommendation. This listing serves as a means of summarizing the recommendations contained in the report and the audited agency's reply thereto, and also as a ready reference to the supporting comments. The full reply of the Department of Labor and Industry is included in the back of this report.

|        |   | <u>Page</u> |
|--------|---|-------------|
| 1.     | Obtain U. S. Department of Labor approval prior to issuance of bonds.   | 5           |
|        | <u>Agency Reply:</u> Concur.      See page 51.  |             |
| 2.     | Obtain written authorization from the U. S. Department of Labor for all transfers of expenses between project codes.                                | 6           |
|        | <u>Agency Reply:</u> Concur.      See page 51.  |             |
| 3.     | Take appropriate measures in keeping the Trust Fund solvent.  | 7           |
|        | <u>Agency Reply:</u> Concur.      See page 52.  |             |
| 4.     | Apply the approved overhead allocation consistently for all programs.   | 7           |
|        | <u>Agency Reply:</u> Concur.      See page 52.  |             |
| 5. (A) | Request from the long range building program prior principal payments when it is determined that the buildings will not be constructed.             | 8           |
|        | <u>Agency Reply:</u> Concur.      See page 52.  |             |
| 5. (B) | Insure that on future bond sales that interest income is credited to the department.  | 8           |
|        | <u>Agency Reply:</u> Concur.      See page 52.  |             |
| 6.     | Obtain prior written U. S. Department of Labor approval for recording costs as resources on order which may not coincide with established criteria. | 9           |
|        | <u>Agency Reply:</u> Concur.      See page 53.  |             |
| 7.     | Insure that programmers are properly supervised at all times and that systems maintenance procedures are strictly enforced.                         | 10          |
|        | <u>Agency Reply:</u> Concur.      See page 53.  |             |



SUMMARY OF RECOMMENDATIONS - CONTINUED

Page

- |         |  |    |
|---------|--|----|
| 8. (A)  | Insure the disaster backup and recovery plan is finalized and satisfies all department systems backup and recovery needs.                        | 10 |
|         | <u>Agency Reply:</u> Concur.      See page 53.   |    |
| 8. (B)  | Consider utilizing fire detection and protection devices in the computer room.   | 10 |
|         | <u>Agency Reply:</u> Concur.      See page 53.   |    |
| 9.      | Develop and maintain adequate documentation, including user manuals, for systems currently in production and for all new systems.                | 11 |
|         | <u>Agency Reply:</u> Partially concur.      See page 53.   |    |
| 10.     | Implement procedures whereby the daily output of employer account activity is reviewed and reconciled by a key employee not involved with input. | 11 |
|         | <u>Agency Reply:</u> Concur.      See page 54.   |    |
| 11.     | Study the feasibility of utilizing the state's computer for processing CETA and WIN payments.  | 12 |
|         | <u>Agency Reply:</u> Concur.      See page 54.   |    |
| 12.     | Record the check numbers of checks pulled for subsequent verification.   | 12 |
|         | <u>Agency Reply:</u> Concur.      See page 54.   |    |
| 13.     | Instruct the local offices to insure that all wage information during the "waiting week" is obtained in the interview process.                   | 13 |
|         | <u>Agency Reply:</u> Concur.      See page 54.   |    |
| 14. (A) | Consider reevaluation of the cross-match selection criteria.   | 14 |
|         | <u>Agency Reply:</u> Concur.      See page 55.   |    |
| 14. (B) | Implement follow-up procedures to investigate non-responding employer's questionnaires.  | 14 |
|         | <u>Agency Reply:</u> Concur.      See page 55.   |    |
| 15.     | Implement procedures to include interstate claimants in the current cross-match.   | 15 |
|         | <u>Agency Reply:</u> Concur.      See page 55.   |    |



SUMMARY OF RECOMMENDATIONS - CONTINUED

Page

- |         |  |    |
|---------|--|----|
| 16.     | Insure that employer wage reporting problems disclosed in the fraud detection section are reported to the employer audit section for follow-up.                  | 15 |
|         | <u>Agency Reply:</u> Concur.      See page 55.   |    |
| 17.     | Consider coordinating with other state agencies the performance of audits on out-of-state employers doing business in Montana.                                   | 16 |
|         | <u>Agency Reply:</u> Concur.      See page 55.   |    |
| 18.     | Implement proper cash cut-off procedures.  | 16 |
|         | <u>Agency Reply:</u> Concur.      See page 56.   |    |
| 19. (A) | Insure that stop-pays are on the computer file for each claimant included in accounts receivable.  | 17 |
|         | <u>Agency Reply:</u> Concur.      See page 56.   |    |
| 19. (B) | Insure that the accounts receivable clerk receives all information related to account changes.   | 17 |
|         | <u>Agency Reply:</u> Concur.      See page 56.   |    |
| 19. (C) | Develop monthly subsidiary listings supporting accounts which have been transferred to the Department of Revenue and those which are retained by the department. | 17 |
|         | <u>Agency Reply:</u> Concur.      See page 56.   |    |
| 20.     | Revise combined wage claim billings to reflect any revised determinations.   | 18 |
|         | <u>Agency Reply:</u> Concur.      See page 57.   |    |
| 21. (A) | Rectify the alledged overpayment with the individual and not allow situations such as this to occur in the future.   | 19 |
|         | <u>Agency Reply:</u> Concur.      See page 57.   |    |
| 21. (B) | Continue to consult with the Department of Revenue in turning CETA and WIN overpayments over to them.  | 19 |
|         | <u>Agency Reply:</u> Concur.      See page 57.   |    |
| 22.     | Determine the most informative and logical year-end for reporting purposes.  | 19 |
|         | <u>Agency Reply:</u> Concur.      See page 57.   |    |



COMMENTS

GENERAL

We performed a financial compliance audit of the Job Service, Unemployment Insurance and Centralized Services Division (the Divisions) of the Department of Labor and Industry for the two federal fiscal years ended September 30, 1982. The objectives of the audit were to: (1) determine if the Division's financial statements present fairly the financial position of the Divisions for the two fiscal years ended September 30, 1982; (2) determine the Division's compliance with applicable state and federal rules and regulations; (3) make recommendations for improving the Division's management and internal controls; and (4) determine whether prior report audit recommendations have been effectively implemented.

The Divisions are financed from tax contributions made by Montana employers and money received from the federal government. The Divisions spent \$72,193,898 during the fiscal year 1980-81, and \$85,322,839 during the fiscal year 1981-82 for unemployment benefits, administration, and employment service programs.

Prior to October 1, 1981, the Divisions were known as the Employment Security Division (ESD) which was comprised of three bureaus: The Unemployment Insurance Bureau handling unemployment benefit payments and the unemployment trust fund; the Employment Service Bureau handling job service, job referral, testing and counselling, and training programs; and the Administrative Services Bureau performing service functions for the other bureaus. Each bureau was headed by a deputy administrator.

Pursuant to Chapter 349 of the 1981 Session Laws and effective October 1, 1981, the Department of Labor and Industry was reorganized and ESD eliminated. The current Job Service, Unemployment Insurance, and Centralized Services Divisions perform substantially the same functions as the Employment Service, Unemployment Insurance and Administrative Services Bureaus did prior to reorganization. Presently, each division is headed by an administrator.



GENERAL - cont.

We thank the department's staff for their cooperation and assistance during our audit.

BACKGROUND

State Employment Security Agency Accounting System

The U. S. Department of Labor requires that all state employment security agencies submit reports produced by the federally sponsored State Employment Security Agency (SESA) accounting system. In addition, the department is required by state statute to record financial transactions on the Statewide Budgeting and Accounting System (SBAS). An inherent problem with this double recording system is that the federal fiscal year ends September 30th while the state fiscal year ends June 30th.

The department transaction detail is reported primarily on the SESA accounting system with daily or monthly totals recorded on SBAS. Administrative expenditures transaction detail is reported on SBAS and on SESA. We audited the transaction detail on both systems, and also reconciled the detail to the totals reported on both of the systems. In this way, we assured ourselves that both systems were reporting the same activity.

Although the SESA system does not provide information in generally accepted accounting principles financial statement format, department personnel were able to prepare financial statements in the proper format.

Trust Fund

Montana employers pay an unemployment insurance tax on wages paid to an employee during the calendar year. Unemployment insurance taxes were paid on the first \$7,800 and \$8,000 of an employee's wages during calendar year 1981 and 1982 respectively. The department collects the tax and transfers the funds to a Trust Fund account in the U. S. Treasury system. Money is withdrawn from the Trust Fund account as unemployment benefits are paid.



Trust Fund - cont.

The unemployment insurance tax rate charged to an employer may vary each calendar year. Two factors are involved in determining the tax rate charged. The first is the employer's experience rating. The experience rating is based on an employer's actual experience in the payment of contributions and benefits charged against his account. The second is related to the schedule of rates assigned to the calendar year. The schedule assigned is based on the ratio of the Trust Fund balance to total covered wages of the previous 12-month period.

The following schedule shows the Unemployment Trust Fund balance at fiscal years ended September 30, 1980, 1981 and 1982. The decrease in the Trust Fund balance is discussed more fully on pages 6 and 7 of this report.

|                       | <u>FY 1980</u>       | <u>FY 1981</u>      | <u>FY 1982</u>      |
|-----------------------|----------------------|---------------------|---------------------|
| Cash                  | \$26,538,134         | \$26,741,553        | \$14,112,068        |
| Less loan outstanding | ( <u>7,084,089</u> ) | <u>-0-</u>          | <u>-0-</u>          |
| Account balance -     |                      |                     |                     |
| Surplus               | <u>\$19,454,045</u>  | <u>\$26,741,553</u> | <u>\$14,112,068</u> |

INTERNAL CONTROL

We examined the financial statements of the Department of Labor and Industry, Job Service, Unemployment Insurance and Centralized Services Divisions for the two fiscal years ended September 30, 1982. As part of our examination, we evaluated the department's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted accounting standards. The purpose of our evaluation was to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures necessary for expressing an opinion on the financial statements.

The objective of internal accounting control is to provide management with reasonable, but not absolute, assurance that 1) assets are safeguarded against loss from unauthorized use or disposition, 2) transactions are



INTERNAL CONTROL - cont.

executed in accordance with management's authorization, and 3) financial records are reliable for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived. It also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

For the purposes of this report, we have classified significant controls in the department's accounting system in the following categories:

1. Purchasing, disbursements, benefits, allowances.
2. Revenue, receipts, employer contributions.
3. Cash.
4. Plant, property and equipment.
5. Accounts receivable and payable.

We evaluated the significant controls identified in the above categories. Other auditing procedures were applied to long-term debt and due to and due from funding source maintained by the department.

Our examination, made for the limited purpose described in the first paragraph, would not necessarily disclose all weaknesses in the system of internal accounting control. It was based upon selective tests of accounting records and related data. Accordingly, we do not express an opinion on the system of internal accounting control of the department taken as a whole. Our evaluation disclosed no condition that we believe to be a material weakness. However, those internal control weaknesses identified during the audit which warrant management's attention are described in various sections of this report.

These conditions were considered in determining the nature, timing, and extent of the audit tests of the financial statements and this report does not affect our opinion on the financial statements.



The preceding five paragraphs are intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

#### QUESTIONABLE INTEREST EXPENSE

Office of Management and Budget (OMB) Circular 74-4, Attachment B(7) states, in part, that an unallowable cost for federal reimbursement is the payment of interest expense except when the department obtains grantor approval prior to the issuance of bonds. Approval is necessary to show the grantor, the U. S. Department of Labor, that purchasing is cost effective over renting. The department cannot make these decisions on their own.

The department did not obtain this approval for two new bonds issued during our audit period. The department expended \$260,259 on these two issues and, therefore, we have questioned these interest costs for federal reimbursements.

#### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT OBTAIN U. S. DEPARTMENT OF LABOR APPROVAL PRIOR TO ISSUANCE OF BONDS.

#### EXPENSE ALLOCATION

Department officials were unable to provide us with written documentation for transfers of expenses between programs in the instances listed below:

##### Fiscal Year 1980-81

\$67,373 was transferred from U.I. Grants (#92101) to E.S. Grants (#92051).

##### Fiscal Year 1981-82

\$407 was transferred from CIDS (#96622) to CETA III LMI (#92052).

Written authorization is necessary to determine whether the department



## EXPENSE ALLOCATION - cont.

is in compliance with federal regulations. The U. S. Department of Labor recommends that written authorization be obtained for expense transfers. Due to the lack of approval, we have questioned these costs.

### RECOMMENDATION

WE RECOMMEND THE DEPARTMENT OBTAIN WRITTEN AUTHORIZATION FROM THE U. S. DEPARTMENT OF LABOR FOR ALL TRANSFERS OF EXPENSES BETWEEN PROJECT CODES.

## OVEROBLIGATED SPENDING AUTHORITY

During our audit of the department, we identified some program costs which we considered questionable. Included in these costs are several instances where the department exceeded obligational (spending) authority. Department personnel indicated that these programs received additional obligational authority subsequent to year-end. In our audit, we verified that the additional authority was obtained in all instances. Although the additional authority was forthcoming, we question the legitimacy of obligating funds without existing obligational authority. Listed below are the over-obligated programs by fiscal year:

| <u>Program</u>                 | <u>Fiscal Year 1980-81</u> | <u>Amount<br/>Overobligated</u> |
|--------------------------------|----------------------------|---------------------------------|
| 96181 Private Industry Council |                            | \$ 29,797                       |
| 96191 Pine Hills FLP           |                            | 1,063                           |
| <u>Fiscal Year 1981-82</u>     |                            |                                 |
| 92092 UI/FSC                   |                            | \$ 13,118                       |
| 92102 UI Grants                |                            | 18,488                          |
| 92242 UCS                      |                            | 110,388                         |
| 93152 CETA/CEP Title VII       |                            | 37,244                          |

## TRUST FUND BALANCE

As noted on page 3 of this report, the Trust Fund balance has declined over the past fiscal year. We could find no fault in the current employer contributions rate system, however, unemployment benefits paid have increased drastically. Benefits paid were approximately twenty million dollars more in



#### TRUST FUND BALANCE - cont.

fiscal year 1981-82 than they were in fiscal year 1980-81. Department officials stated that they expect to have to borrow funds from the federal government in about April, 1983. The department should be concerned with the rapid decline of available trust fund dollars.

#### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT TAKE APPROPRIATE MEASURES IN KEEPING THE TRUST FUND SOLVENT.

#### ALLOCATION OF OVERHEAD

The allocation of overhead is determined and approved by the grantor agency. We noted that this allocation is not used in all instances. There are several programs, MOES, Work Experience Training Program, CIDS Contract, NAPSIP, Union TAT, and PIC-Project Transition which receive no overhead allocation of costs. Departmental staff have indicated to us that these programs do not receive an allocation because of agreements between the department and the individual programs involved.

All programs require overhead expenditures to administer them. We do not believe that federal dollars should be allocated on the discretion of the department. The approved overhead allocation plan is designed to be used universally. If the allocation is not used universally, then the few select programs do not reflect the true costs of operation and administration, and the other programs, which are under the allocation plan, are receiving additional and undue allocations.

#### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT APPLY THE APPROVED OVERHEAD ALLOCATION CONSISTENTLY FOR ALL PROGRAMS.

#### CAPITAL PROJECTS

The department has been instrumental in the sale of bonds in the state's long range building program for the construction of three local office buildings that are not built nor is there any positive assurance that they will be built.



#### CAPITAL PROJECTS - cont.

We have addressed the payment of the interest on page 5 of this report. In addition to this, we question whether or not federal moneys should be expended for the principal payments when no buildings exist for which the payments are being made. The principal can be returned to the department from the long range building program upon departmental request.

The local offices in question are to be located in Bozeman, Hamilton, and Polson, Montana. The principal paid during our audit period on these issues was \$121,075. The Bozeman principal was \$56,623 and the Hamilton and Polson issues were \$64,452. The Hamilton and Polson unused bond proceeds are being invested by the State Board of Investments and the earnings turned over to the department. However, the Kalispell unused bond proceeds are not invested for the department.

#### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT:

- A. REQUEST FROM THE LONG RANGE BUILDING PROGRAM PRIOR PRINCIPAL PAYMENTS WHEN IT IS DETERMINED THAT THE BUILDINGS WILL NOT BE CONSTRUCTED; AND
- B. INSURE THAT ON FUTURE BOND SALES THAT INTEREST INCOME IS CREDITED TO THE DEPARTMENT.

#### RESOURCES ON ORDER

Supplemental schedules on pages 42 through 49 of this report include a column of figures entitled "Resources on Order". Our examination of these amounts disclosed a possible violation of federal regulations. As of September 30, 1982, the department charged \$56,000 to resources on order for potential loss due to a lawsuit. The lawsuit was brought on by former employees who were layed off. It is questionable whether or not resources on order is designed for such charges. Furthermore, the department's attorney has advised us that the possibility of significant financial losses to the department are slim.



## RESOURCES ON ORDER - cont.

### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT OBTAIN PRIOR WRITTEN U. S. DEPARTMENT OF LABOR APPROVAL FOR RECORDING COSTS AS RESOURCES ON ORDER WHICH MAY NOT COINCIDE WITH ESTABLISHED CRITERIA.

### COMPUTER CONTROLS

The Centralized Services Division maintains a data processing section.

The data processing section is comprised of three units: (1) Systems and Programming; (2) Production/Operations; and (3) Data Entry. A Remote Job Entry (RJE) station is located at the department with most processing done at the Department of Administration's central facility. The department also has two small business computers.

We performed an audit of the data processing section in compliance with Statement on Auditing Standards Number Three. A discussion of our findings follows:

#### Systems Maintenance

The data processing section has developed a data processing manual. Contained within this manual are requirements which should be followed when undertaking systems maintenance. Unfortunately, once during our audit period, these requirements were violated. This violation lead to the deletion of approximately one quarter's wage records. The programmer did not properly duplicate wage records prior to testing the program and used improper software language. The lost wage records were not discovered until a couple of months later, at which time they had to be re-entered.

Programmers should not be allowed access to the data base since they usually have the capability of altering existing data. At a very minimum, programmers should be properly supervised when testing programs with "live" data. The data processing manuals are of no use when not followed.



COMPUTER CONTROLS - cont.

RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT INSURE THAT PROGRAMMERS ARE PROPERLY SUPERVISED AT ALL TIMES AND THAT SYSTEMS MAINTENANCE PROCEDURES ARE STRICTLY ENFORCED.

Disaster Back-up and Recovery

As a result of the prior audit, the data processing section has developed a draft of a disaster recovery and reconstruction plan. Our review of the draft plan disclosed no substantial weakness, other than the department does not have protection of hardware and software against fire and other hazards. Currently, there are no fire detection devices in the department's computer room.

RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT:

- A. INSURE THE DISASTER BACK-UP AND RECOVERY PLAN IS FINALIZED AND SATISFIES ALL DEPARTMENT SYSTEMS BACK-UP AND RECOVERY NEEDS; AND
- B. CONSIDER UTILIZING FIRE DETECTION AND PROTECTION DEVICES IN THE COMPUTER ROOM.

Documentation

Documentation for the UI benefits, check writing and employer contributions systems is inadequate. Documentation is essential for quality assurance and reliable application controls. System manuals should be maintained by programmers including detailed systems and program flow charts, program descriptions and data file structures.

Currently the department maintains no user manuals for the benefits, contributions and check writing systems. User manuals should be developed to help train users to prepare and handle input transactions and error correction transactions properly. A typical user's manual may contain:



#### COMPUTER CONTROLS - cont.

a system narrative describing major control features, an overall system flow chart, detailed flow chart of clerical processes, a completed copy of each input document with preparation instructions, a listing of computerized edits performed, the resulting error messages, and instructions for correcting, resubmitting, and balancing the resubmitted items, and a copy of each computer report with a description of its purpose, distribution and retention periods.

#### RECOMMENDATION

WE RECOMMEND THE DEPARTMENT DEVELOP AND MAINTAIN ADEQUATE DOCUMENTATION, INCLUDING USER MANUALS, FOR SYSTEMS CURRENTLY IN PRODUCTION AND FOR ALL NEW SYSTEMS.

#### Employer Tax Contributions System

Employees within the employer tax contribution section have the capability of entering, changing, and observing employer data. Changes are documented and approved by the supervisor on "change documents". Each morning the section receives a printout of all employers accounts experiencing activity the prior day. This report is received and verified by an employee who also performs certain input functions. This report is a valuable internal control document and should be received and reconciled to all change documents by a key employee not involved in input.

#### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT IMPLEMENT PROCEDURES WHEREBY THE DAILY OUTPUT OF EMPLOYER ACCOUNT ACTIVITY IS RECEIVED AND RECONCILED BY A KEY EMPLOYEE NOT INVOLVED WITH INPUT.

#### CETA and WIN Payments

The department utilizes a small business computer to record and produce accounting data and produce checks for CETA and WIN



## COMPUTER CONTROLS - cont.

### CETA and WIN Payments - cont.

payments. This small computer is completely housed at the department, including input, main frame, and output. Our examination of the controls over this installation revealed certain weaknesses.

The system has no internal controls to prevent duplicate pays or pays extending beyond participant eligibility. Employees in the CETA and WIN section must perform this function by hand, which is very time consuming. The department has the staff in the computer section to develop sound accounting and check writing programs which are adaptable to the state's computer. A study should be made to determine if computer charges utilizing the state's computer would be less than the staff time reductions in the CETA and WIN section.

### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT STUDY THE FEASIBILITY OF UTILIZING THE STATE'S COMPUTER FOR PROCESSING CETA AND WIN PAYMENTS.

## CONTROL OF PREPARED CHECKS

As a result of the prior audit, the department implemented a system of numerical control over printed and mailed checks. The system provides for a reconciliation indicating the number of checks pulled but not the check numbers pulled. Authorization for pulling a check is filed in the claimant's file. The department should record the check numbers of the checks pulled to provide a trail to trace to the authorization.

### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT RECORD THE CHECK NUMBERS OF CHECKS PULLED FOR SUBSEQUENT VERIFICATION.



3



4



### WAITING WEEK OVERPAYMENTS

As a result of our examination of benefit payments, we noted that certain overpayments have occurred due to inaccurate information obtained in the interview process at the local offices. According to state law, a claimant must wait one eligible week prior to receiving benefits. The "waiting week" runs from Sunday to Saturday. We noted instances where claimants have interviewed with the local offices in the middle of the week as a result of separation from employment during that week. The "waiting week" then is retroactive back to the prior Sunday. The problem occurs when the local offices fail to obtain from the claimant, wages earned during the "waiting week" and prior to his interview. In several instances these wages will disqualify the claimant during the "waiting week".

### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT INSTRUCT THE LOCAL OFFICES TO INSURE THAT ALL WAGE INFORMATION DURING THE "WAITING WEEK" IS OBTAINED IN THE INTERVIEW PROCESS.

### FRAUD CONTROL PROGRAM

The department's fraud control section does a considerable amount of cross matching each quarter. They use the same criteria for the cross match as they have for several years. The criteria produces an enormous amount of possible fraud situations. Letters are then sent to the employers to verify employee wage information. If the letters are not returned, no follow-up is performed. Therefore, a number of possible conflict cases are not being investigated. When an employer realizes the department does not follow-up, their opinion that the letter is not important is reinforced and future requests may not be returned.

Department personnel stated that they receive a response to approximately 75% of the letters sent to employers. Because of the time involved in following up and processing the responses received, the department has not established follow-up procedures for no-response letters. Also, by the time they finish



## FRAUD CONTROL PROGRAM - cont.

processing the letters that come in for one quarter's cross match, it is time to start on the next cross match.

If the department revised its selection criteria, fewer claimants would be selected. The time saved in processing a reduced number of cases would allow more time for follow-up on all potential fraud cases. It may be possible for the department to identify and prosecute more significant fraud cases if fewer cases were selected in the cross match.

The fraud investigator contends that several smaller offenders are just as detrimental to the state fund as a few larger ones. This contention does contain merit, however, the lack of time for employer follow-up is also an important consideration.

### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT:

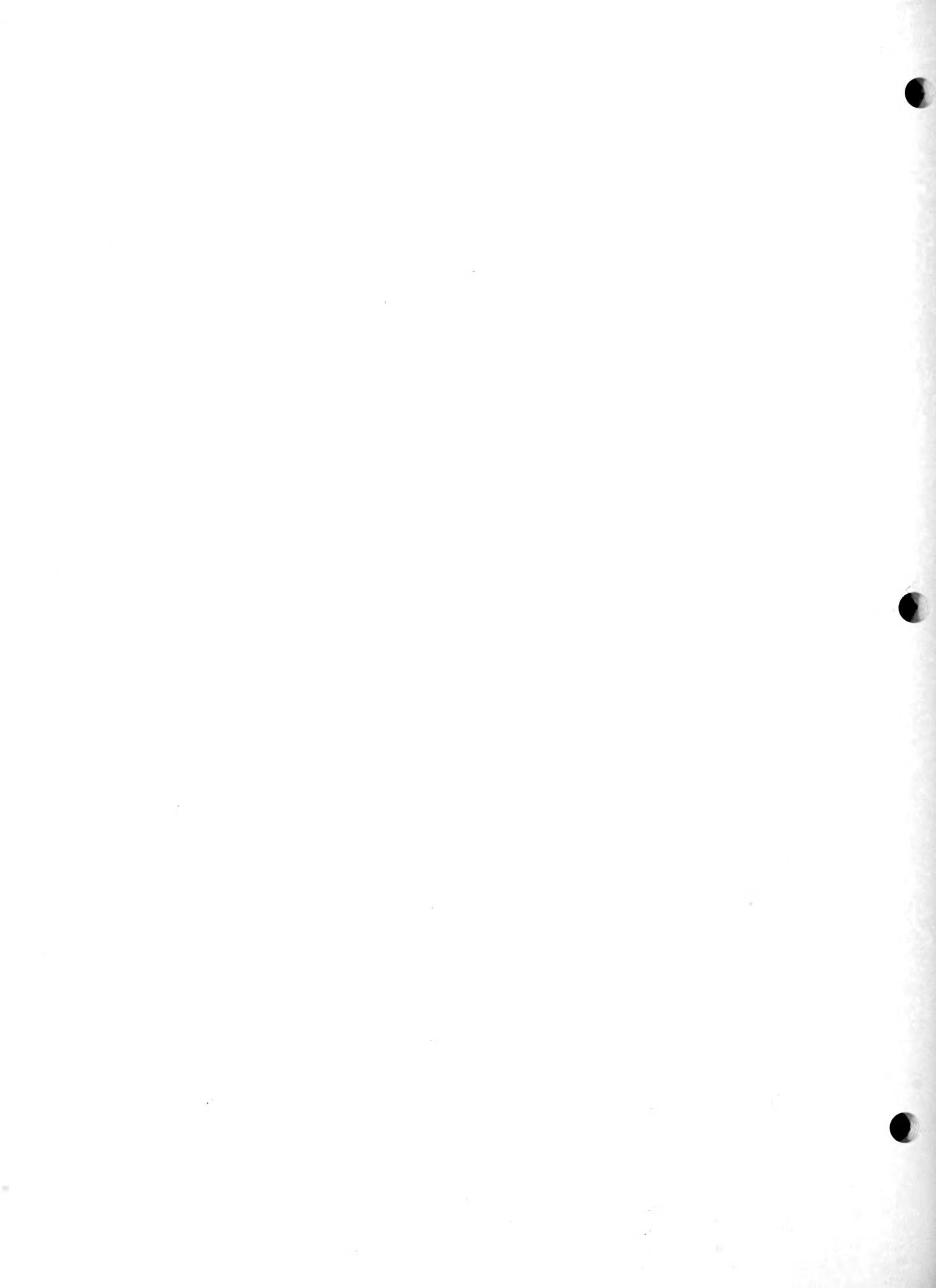
- A. CONSIDER REEVALUATION OF THE CROSS MATCH SELECTION CRITERIA; AND
- B. IMPLEMENT FOLLOW-UP PROCEDURES TO INVESTIGATE NON-RESPONDING EMPLOYERS QUESTIONNAIRES.

### INTERSTATE CLAIMS INVESTIGATION

Information concerning interstate claimants drawing benefits paid by other states is maintained at the local offices. There is no record of these claims in the central office. Therefore, they are not included in the quarterly cross match performed by the department. Part V, Section 5678 of the Employment Security Manual states, "The following should be adopted as a minimum fraud investigation program for interstate benefits . . .

- D. A sample check should be conducted at least once every year to determine whether any claimants are concurrently drawing benefits from the agent state and some liable state."

Because there is no record of interstate claimants at the central office,



INTERSTATE CLAIMS INVESTIGATION - cont.

two types of benefit overpayment may occur and go undetected. The first type is where a claimant can draw benefits from another state while employed in Montana. In these cases, the central office would have a record of the claimant's Montana wages from the employer's quarterly reports, but would have no record of benefits the claimant received from another state.

In the second type, a claimant could file for interstate benefits in one local office and file for Montana benefits in a different office. Assuming an eligible claimant had enough wage credits in each state, he could draw benefits from both.

If the central office had the social security numbers for these claimants and information concerning the number of checks the claimant received, frauds of this nature could be detected with minimal additional effort under cross match procedures.

RECOMMENDATION

WE RECOMMEND THE DEPARTMENT IMPLEMENT PROCEDURES TO INCLUDE INTERSTATE CLAIMANTS IN THE CURRENT CROSS MATCH.

EMPLOYER'S QUARTERLY INFORMATION

During the process of cross match verification, the fraud detection section sometimes locates possible employer wage reporting problems. Although these cannot be followed up by the fraud detection section, they could be followed up by the employer audit section. Possibilities of incorrect wage earnings should be reported to the employer audit section for audit follow-up. The cases investigated may not lead to incorrect wage reporting, however, it would allow the audit section another method of employer audit selection.

RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT INSURE THAT EMPLOYER WAGE REPORTING PROBLEMS DISCLOSED IN THE FRAUD DETECTION SECTION ARE REPORTED TO THE EMPLOYER AUDIT SECTION FOR FOLLOW-UP.



## EMPLOYER AUDITS

The department, for funding reasons, does not audit out-of-state employers doing business in Montana. These multistate employers may be underpaying contributions. Increased revenue to the Trust Fund is a positive aspect of out-of-state audits. Coordination with the State Department of Revenue and the Workers' Compensation Division would possibly reduce some of the financial burdens.

### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT CONSIDER COORDINATING WITH OTHER STATE AGENCIES THE PERFORMANCE OF AUDITS ON OUT-OF-STATE EMPLOYERS DOING BUSINESS IN MONTANA.

## CASH CUT-OFF

As an integral part of our audit, we reviewed cash cut-off procedures at September 30, 1982. We noted a general lack of control within these procedures. Although the misstatements of cash, which did occur, did not materially affect the financial statements, we believe that comment is appropriate to correct the problems noted.

Benefit checks prepared and dated September 30, 1982 are not mailed or entered into the accounting records until the following day. Since these checks are dated on the last day of the fiscal year, they should be recorded and disbursed that day.

Employer contributions received on September 30, 1982 were not recorded in the accounting system or recorded as deposits in transit. They were both deposited and recorded in the next fiscal year. Receipts should be recorded in the year received.

### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT IMPLEMENT PROPER CASH CUT-OFF PROCEDURES.

## ACCOUNTS RECEIVABLE

The department maintains accounts receivable in the following areas:



## ACCOUNTS RECEIVABLE - cont.

employers' contributions, benefit overpayments, allowance overpayments, and combined wage claims. Our examination of these receivables revealed certain weaknesses.

### Benefit Overpayments

When claimants receive overpayments, the department is supposed to place a stop-pay indicator in the claimant computer file. This stop-pay is designed to prohibit any future payments if the claimant were to refile for unemployment. Our examination of these stop-pays revealed that certain files did not contain the stop-pay notice.

We further found that in certain instances, for legitimate reasons, the department will reduce the amount owed by a claimant. Also, the Department of Revenue will transmit funds to the department representing collections of accounts turned over to them. These types of information are not always routed to the accounts receivable clerk and, therefore, the accounts receivable reflect incorrect amounts.

The computerized system which accounts for benefit overpayments, OPACS, contains both receivables which have and have not been turned over to the Department of Revenue. The program attempts to sort out those which are turned over for financial statement purposes since the statements should only report those receivables which are still in the department's possession. The department was unable to back up the computer sort.

### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT:

- A. INSURE THAT STOP-PAYS ARE ON THE COMPUTER FILE FOR EACH CLAIMANT INCLUDED IN ACCOUNTS RECEIVABLE;
- B. INSURE THAT THE ACCOUNTS RECEIVABLE CLERK RECEIVES ALL INFORMATION RELATED TO ACCOUNT CHANGES; AND
- C. DEVELOP MONTHLY SUBSIDIARY LISTINGS SUPPORTING ACCOUNTS WHICH HAVE BEEN TRANSFERRED TO THE DEPARTMENT OF REVENUE AND THOSE WHICH ARE RETAINED BY THE DEPARTMENT.



## ACCOUNTS RECEIVABLE - cont.

### Combined Wage Claims

Combined wage claims (CWC) arise when a claimant has wage credits in two or more states. The state in which the claimant files becomes the paying state. The paying state then bills the other state or states for their portion of the benefits. This billing is prepared and based upon the initial determination. A problem occurs if the determination is subsequently revised. For instance, if the wage credits in each state are revised due to after-the-fact information, the percentage of benefits which should be paid by each state should also change. We noted that the department does not change billings to the other state or states when wage credits are revised.

The monetary effect of this cannot be easily determined since the amounts which Montana should pay may be either more or less than what was originally billed. However, the department should revise the CWC billings for any revised determinations.

### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT REVISE COMBINED WAGE CLAIM BILLINGS TO REFLECT ANY REVISED DETERMINATIONS.

### Allowance Overpayments

We noted one instance which we consider poor administration of CETA overpayments. An individual on the accounts receivable listing supposedly received overpayments of CETA funds in the amount of \$1,223. The individual has requested, several times in writing, a hearing to discuss the alleged overpayment occurring in 1978. The department has never given her this hearing, possibly because the department appears to be in fault. This situation must be rectified immediately.

As noted in the prior audit report, CETA and WIN overpayments are not turned over to the Department of Revenue for collection. Department per-



sonnel stated that the Department of Revenue would not accept these accounts since they are federal moneys, unless an agreement is reached from ongoing discussions. Nothing has transpired correcting this situation during our audit period.

#### RECOMMENDATIONS

WE RECOMMEND THAT THE DEPARTMENT:

- A. RECTIFY THE ALLEGED OVERPAYMENT WITH THE INDIVIDUAL AND NOT ALLOW SITUATIONS SUCH AS THIS TO OCCUR IN THE FUTURE; AND
- B. CONTINUE TO CONSULT WITH THE DEPARTMENT OF REVENUE IN TURNING CETA AND WIN OVERPAYMENTS OVER TO THEM. THIS ACTION WILL HELP TO IMPROVE COLLECTION EFFORTS.

#### REPORTING YEAR

As noted in the general comments section of this report on pages one and two, the Department of Labor and Industry has undergone a reorganization. Although not within the scope of this audit, the department has undergone changes in addition to those discussed on the above referenced pages. The Labor Standards, Personnel Appeals and Human Rights Divisions have been consolidated into one reporting agency. This agency, subsequent to June 30, 1982, included the divisions within the scope of our audit. Currently these divisions, outside the scope of our audit, have a reporting year-end of June 30th as does the rest of the State of Montana. The department should now determine, with all things considered, whether or not the September 30th reporting date is still a viable alternative. Consideration should also be given to the upcoming State of Montana financial statements which will be issued on the June 30th reporting year.

#### RECOMMENDATION

WE RECOMMEND THAT THE DEPARTMENT DETERMINE THE MOST INFORMATIVE AND LOGICAL YEAR-END FOR REPORTING PURPOSES.



## FEDERAL COMPLIANCE

The department receives almost all of their funding from federal sources. Office of Management and Budget (OMB) Circular A-102, Attachment P, establishes audit requirements for state and local governments receiving federal assistance. Attachment P provides for independent audits of financial operations, including compliance with certain federal laws and regulations. We performed an audit of the Department of Labor and Industry, Job Service, Unemployment Insurance and Centralized Services Divisions in accordance with the standards of OMB Circular A-102, Attachment P.

We reviewed the major compliance areas in the federal programs depicted in the schedules on pages 42 through 49 of this report for the two fiscal years ended September 30, 1982, except for CETA which was audited for one fiscal year ended September 30, 1982. CETA was audited previously by other auditors for the fiscal year ended September 30, 1981. Areas reviewed include:

1. Eligibility determination.
2. Internal control and reporting systems.
3. Monitoring of subgrantees.
4. Meeting federal objectives.
5. Cost allowability.

During our review we noted compliance problems in the following areas:

- A. Questionable interest expense.
- B. Overobligation of spending authority.
- C. Questionable expenditure transfers.

We determined the effects of noncompliance on program accomplishments and the allowability of costs. In the body of our audit report, we discuss compliance and internal control problems requiring disclosure in accordance with Attachment P. Compliance deficiencies deemed not to have significant



FEDERAL COMPLIANCE - cont.

effect on the successful operations of the department programs are not specifically included in the report, but have been discussed with management. Nothing came to our attention that causes us to believe untested compliance issues are not in accordance with applicable laws and regulations except for those listed above.

As a result of our review, it is our opinion that the deficiencies noted did not significantly affect the successful operation of the programs, however, the deficiencies did significantly affect allowability of costs in conformity with program regulations.

PRIOR REPORT RECOMMENDATIONS

The prior audit of then the Employment Security Division, was performed by the Office of the Legislative Auditor. It contained fifteen recommendations. Listed below is a summary of those recommendations and whether or not the department has implemented, partially implemented or not implemented the recommendations:

| <u>Recommendations</u>  | <u>Implemented</u> | <u>Partially Implemented</u> | <u>Not Implemented</u> |
|---|--------------------|------------------------------|------------------------|
| 1(A). Re-evaluate the cross match selection criteria.   |                    |                              | X                      |
| (B). Implement follow-up procedures to investigate selected potential fraud cases.  |                    |                              | X                      |
| 2. Implement procedures to include interstate claimants in the current cross match.   |                    |                              | X                      |
| 3. Seek legislative clarification of the eligibility determination statute.   | X                  |                              |                        |
| 4(A). Properly charge the benefit program the claimant is eligible for.   |                    |                              | X                      |
| (B). Retroactively adjust payments which were made prior to the revised monetary determinations to reflect the proper programs to be charged. | X                  |                              |                        |



PRIOR REPORT RECOMMENDATIONS - cont.

| <u>Recommendations</u>   | <u>Implemented</u> | <u>Partially Implemented</u> | <u>Not Implemented</u> |
|--|--------------------|------------------------------|------------------------|
| 4(C). Review monetary determination revisions to insure that appropriate program charges are made.                                     | X                  |                              |                        |
| 5. Issue benefit checks only upon receiving a certified and qualified UI-203 pay card.   | X                  |                              |                        |
| 6. Maintain a number control and accountability system for checks being processed.   |                    | X                            |                        |
| 7(A). Limit access to data files and programs to those individuals authorized to maintain them.  | X                  |                              |                        |
| (B). Develop and maintain adequate documentation, including user manuals, for systems currently in production and for all new systems. |                    |                              | X                      |
| 8(A). Establish adequate review procedures to insure compliance with record retention schedules.                                       | X                  |                              |                        |
| 9(A). Maintain a log of movement of blank checks.  | X                  |                              |                        |
| (B). Require persons receiving printed checks from the I/O controller to sign for them.  | X                  |                              |                        |
| 10. Design controls in the employer contribution system to insure input to the system is correctly processed.                          | X                  |                              |                        |
| 11. Update the cost accounting system documentation.   |                    | X                            |                        |
| 12. Establish adequate controls in the benefits application to insure that all errors are corrected and resubmitted.                   | X                  |                              |                        |
| 13. Obtain written authorization from the U. S. Department of Labor for all transfers of expenses between project codes.               |                    |                              | X                      |



PRIOR REPORT RECOMMENDATIONS - cont.

| <u>Recommendations</u>  | <u>Implemented</u> | <u>Partially Implemented</u> | <u>Not Implemented</u> |
|---|--------------------|------------------------------|------------------------|
| 14(A). Provide adequate training and supervision to enable employees to perform effectively on accounts receivable. |                    | X                            |                        |
| (B). Properly record combined wage claim receivables on SESA.   | X                  |                              |                        |
| (C). Transfer all accounts receivable identified as uncollectible to the Department of Revenue.                     |                    | X                            |                        |
| 15. Implement procedures to correct various accounts receivable weakness.   |                    | X                            |                        |



AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS



NEWLAND, HORN, CRIPPEN & PECK, P.C.  
Certified Public Accountants

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William B. Horn  
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Dennis W. Peck

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Ronald W. Hanni  
John F. Burns

The Legislative Audit Committee  
of the Montana Legislature:

We have examined the combined balance sheets of the Special Revenue and Expendable Trust Funds and the General Fixed Assets and General Long-Term Debt account groups of the Job Service, Unemployment Insurance, and Centralized Services Divisions of the Department of Labor and Industry as of September 30, 1982, and the combined statements of revenues, expenditures and changes in fund balances - budget and actual - of such funds for the fiscal years ended September 30, 1981 and September 30, 1982. Our examination was made in accordance with generally accepted auditing standards for governmental units and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the Comprehensive Employment and Training Act (CETA) revenues and allowance payments included in the statements of revenues, expenditures, and changes in fund balance for the fiscal year ended September 30, 1981. The revenues and allowance payments relating to CETA programs constitute 13.5 percent and 13 percent of the respective totals for fiscal year 1980-81. These CETA programs for fiscal year 1980-81 were examined by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the programs described, is based solely upon the reports of the other auditors.

In our opinion, based upon our examination and the reports of other auditors which relate to CETA activities for the fiscal year ended September 30, 1981, the combined balance sheets for the various funds and account groups of the Job Service, Unemployment Insurance, and Centralized Services Divisions of the Department of Labor and Industry as of September 30, 1982, and the combined statements of revenue, expenditures and changes in fund balances - budget and actual - of such funds, present fairly the financial position of the Job Service, Unemployment Insurance, and Centralized Services Divisions of the Department of Labor and Industry at September 30, 1982, and the results of operations, and changes in fund balances for the fiscal years ended September 30, 1981 and September 30, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules presented on pages 37 through 49 are presented for purposes of additional analysis in



The Legislative Audit Committee  
of the Montana Legislature  
Page 2

compliance with federal and state requirements and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

*Newland, Horn, Crippen & Peck, P.C.*  
NEWLAND, HORN, CRIPPEN & PECK, P.C.  
Certified Public Accountants

Butte, Montana  
December 8, 1982



DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION

COMBINED BALANCE SHEET - ALL FUND TYPES  
September 30, 1982

|  | <u>GOVERNMENT FUND</u>      | <u>FIDUCIARY FUND TYPE</u>   |
|--|-----------------------------|------------------------------|
|  | <u>SPECIAL REVENUE FUND</u> | <u>EXPENDABLE TRUST FUND</u> |

ASSETS

|   |                    |                     |
|---|--------------------|---------------------|
| Cash in State Treasurer                               | \$ 84,906          |                     |
| Cash outside of State Treasurer                       | 68,024             |                     |
| Cash in U.S. Treasury                                 |                    | \$14,112,068        |
| Employee travel advances                              | 3,895              |                     |
| Accounts receivable:                                  |                    |                     |
| Employer contributions                                |                    | 1,788,511           |
| Employer penalty and interest                         |                    | 628,574             |
| Allowance for doubtful accounts - employers           |                    | ( 2,417,085)        |
| Overpayments of benefits                              |                    | 478,460             |
| Interstate benefit claims                             |                    | 1,387,280           |
| Overpayments of allowances                            | 34,896             |                     |
| Allowance for doubtful accounts - benefits/allowances | ( 34,896)          | ( 1,865,740)        |
| Notes receivable - Reed Act                           |                    | 237,000             |
| Due from funding source                               | <u>918,465</u>     | <u>262,319</u>      |
| TOTAL ASSETS  | <u>\$1,075,290</u> | <u>\$14,611,387</u> |

LIABILITIES AND FUND BALANCE

|   |                    |                     |
|---|--------------------|---------------------|
| Cash overdrawn, outside State Treasurer |                    | \$ 449,614          |
| Accrued:                                |                    |                     |
| State retirement expense                | \$ 19,498          |                     |
| OASI expense                            | 20,780             |                     |
| Workers' compensation expense           | 1,009              |                     |
| Group insurance expense                 | 17,010             |                     |
| Unemployment tax expense                | 2,167              |                     |
| Payroll and clearing expense            | 310,151            |                     |
| Accounts payable:                       |                    |                     |
| Vendors                                 | 299,491            |                     |
| Employer contributions                  |                    | 58,829              |
| Interstate benefit claims               |                    | 816,112             |
| Interstate accountability               |                    | ( 816,112)          |
| Due to funding source                   | 68,024             |                     |
| Fund balance                            | <u>337,160</u>     | <u>14,102,944</u>   |
| TOTAL LIABILITIES AND FUND BALANCE      | <u>\$1,075,290</u> | <u>\$14,611,387</u> |



DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION

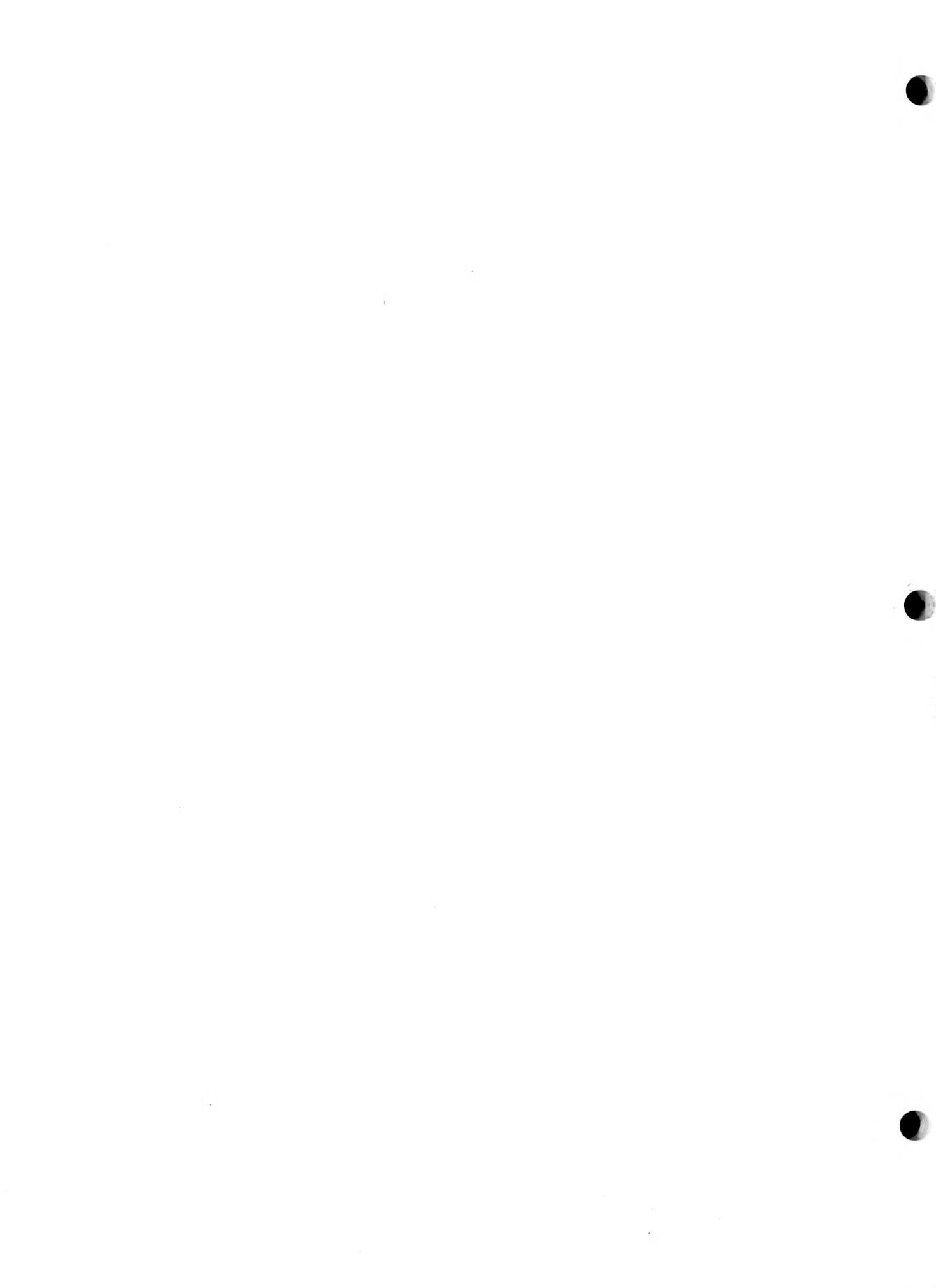
COMBINED BALANCE SHEET - ALL ACCOUNT GROUPS  
September 30, 1982

|  | ACCOUNT GROUPS            |                           |
|--|---------------------------|---------------------------|
|  | GENERAL                   | GENERAL                   |
|  | FIXED<br>ASSETS           | LONG-TERM<br>DEBT         |
| <u>ASSETS</u>  |                           |                           |
| Land   | \$ 457,777                |                           |
| Land improvements  | \$ 4,958                  |                           |
| Less accumulated depreciation, land improvements               | <u>3,178</u>              | 1,780                     |
| Buildings  | 3,207,626                 |                           |
| Less accumulated depreciation, buildings                       | <u>876,844</u>            | 2,330,782                 |
| Office furniture and fixtures                                  | 349,797                   |                           |
| Less accumulated depreciation, furniture and fixtures          | <u>175,022</u>            | 174,775                   |
| Office equipment   | 1,359,173                 |                           |
| Less accumulated depreciation, office equipment                | <u>593,087</u>            | 766,086                   |
| Other equipment  | 144,326                   |                           |
| Less accumulated depreciation, other equipment                 | <u>142,845</u>            | 1,481                     |
| Construction-in-progress                                       | 67,378                    |                           |
| Amount to be provided for retirement of general long-term debt |                           | <u>\$2,535,064</u>        |
| <b>TOTAL ASSETS</b>  | <b><u>\$3,800,059</u></b> | <b><u>\$2,535,064</u></b> |
| <u>LIABILITIES AND FUND EQUITY</u>                             |                           |                           |
| <b>Liabilities:</b>  |                           |                           |
| General obligation bonds payable                               |                           | \$2,535,064               |
| <b>Fund equity:</b>  |                           |                           |
| Investment in general fixed assets                             | <u>\$3,800,059</u>        |                           |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>                       | <b><u>\$3,800,059</u></b> | <b><u>\$2,535,064</u></b> |



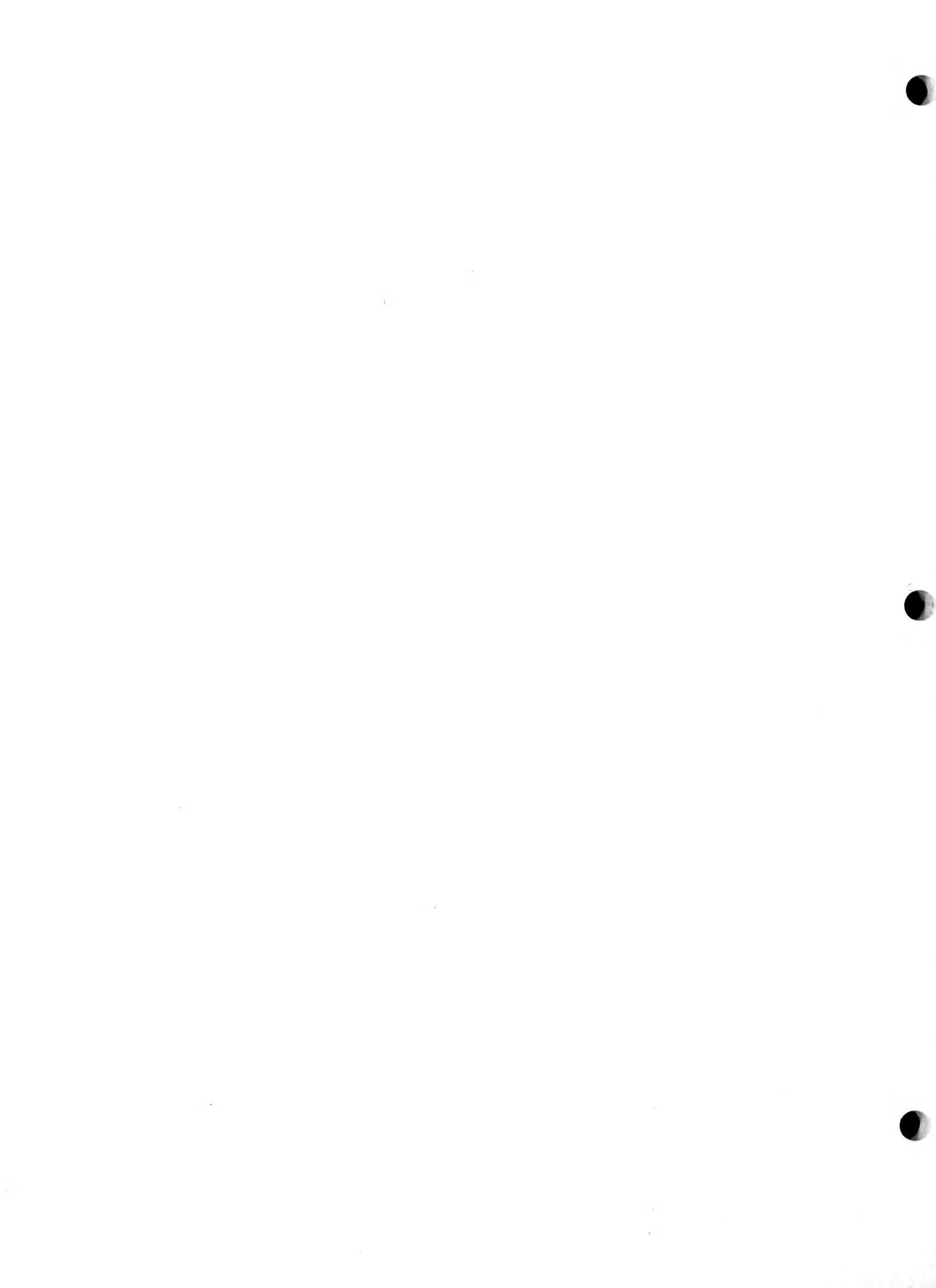
DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE AND EXPENDABLE TRUST FUNDS  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 1982

|  | SPECIAL REVENUE FUND |                   | EXPENDABLE TRUST FUND |                   | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------------|-------------------|-----------------------|-------------------|--|
|  | Budget               | Actual            | Budget                | Actual            |  |
| <b>REVENUES:</b>                                 |                      |                   |                       |                   |  |
| Federal grants for administration                | \$13,613,000         | \$13,219,191      | (\$393,809)           |                   |  |
| Federal money for allowance payments             | 3,555,691            | 3,480,001         | ( 75,690)             |                   |  |
| Federal reimbursement for unemployment benefits  |                      |                   |                       | \$ 6,522,528      | -0-                                    |
| State unemployment tax                           |                      |                   |                       | 47,413,898        | -0-                                    |
| Interest earned                                  |                      |                   |                       | 2,324,371         | -0-                                    |
| Miscellaneous revenue                            | <u>128,110</u>       | <u>58,311</u>     | <u>( 69,799)</u>      |                   |  |
| TOTAL REVENUES                                   | <u>17,296,801</u>    | <u>16,757,503</u> | <u>( 539,298)</u>     | <u>56,260,797</u> | <u>-0-</u>                             |
| <b>EXPENDITURES:</b>                             |                      |                   |                       |                   |  |
| General administration                           | 13,613,000           | 13,219,191        | 393,809               |                   |  |
| Participant allowance payments                   | 3,555,691            | 3,480,001         | 75,690                |                   |  |
| Federal unemployment benefits                    |                      |                   |                       | 6,522,528         | -0-                                    |
| State unemployment benefits                      |                      |                   |                       | 62,042,808        | -0-                                    |
| Miscellaneous expenditures for services provided | <u>128,110</u>       | <u>58,311</u>     | <u>69,799</u>         |                   |  |
| TOTAL EXPENDITURES                               | <u>17,296,801</u>    | <u>16,757,503</u> | <u>539,298</u>        | <u>68,565,336</u> | <u>-0-</u>                             |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES      | -0-                  | -0-               | -0-                   | ( 12,304,539)     | ( 12,304,539)                          |
| OTHER FINANCING SOURCES (USES):                  |                      |                   |                       |                   |  |
| Operating transfers in                           | -0-                  | 270,000           | 270,000               | ( 270,000)        | ( 270,000)                             |
| Operating transfers out                          |                      |                   |                       |                   |  |
| Fund balances, October 1, 1981                   | -0-                  |                   | 67,160                | 67,160            | -0-                                    |
| Fund balances, Sept. 30, 1982                    | \$ -0-               | \$ 337,160        |                       | \$337,160         | \$14,102,944                           |



DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE AND EXPENDABLE TRUST FUNDS  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 1981

|  | SPECIAL REVENUE FUND |                   | EXPENDABLE TRUST FUND |                     |
|--|----------------------|-------------------|-----------------------|---------------------|
|  | Budget               | Actual            | Budget                | Actual              |
| <b>REVENUES:</b>   |                      |                   |                       |                     |
| Federal grants for administration  | \$14,707,673         | \$14,129,639      | (\$578,034)           |                     |
| Federal money for allowance payments   | 7,326,326            | 7,046,360         | ( 279,966)            |                     |
| Federal reimbursement for unemployment benefits  |                      |                   |                       | \$ 8,587,775        |
| State unemployment tax   |                      |                   |                       | 48,550,745          |
| Interest earned  |                      |                   |                       | 1,932,907           |
| Miscellaneous revenue  | <u>210,840</u>       | <u>203,169</u>    | <u>( 7,671)</u>       | <u>59,071,427</u>   |
| <b>TOTAL REVENUES</b>  | <u>22,244,839</u>    | <u>21,379,168</u> | <u>( 865,671)</u>     | <u>59,071,427</u>   |
| <b>EXPENDITURES:</b>   |                      |                   |                       |                     |
| General administration   | 14,707,673           | 14,129,639        | 578,034               |                     |
| Participant allowance payments   | 7,326,326            | 7,046,360         | 279,966               |                     |
| Federal unemployment benefits  |                      |                   |                       | 8,587,775           |
| State unemployment benefits  |                      |                   |                       | 42,164,115          |
| Miscellaneous expenditures for services provided   | <u>210,840</u>       | <u>266,009</u>    | <u>( 55,169)</u>      | <u>50,751,890</u>   |
| <b>TOTAL EXPENDITURES</b>  | <u>22,244,839</u>    | <u>21,442,008</u> | <u>( 802,831)</u>     | <u>50,751,890</u>   |
| <b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>   | <b>-0-</b>           | <b>( 62,840)</b>  | <b>( 62,840)</b>      | <b>8,319,537</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                      |                   |                       |                     |
| Operating transfers in   | <b>-0-</b>           | <b>130,000</b>    | <b>130,000</b>        | <b>( 130,000)</b>   |
| Operating transfers out  |                      |                   |                       | ( 130,000)          |
| <b>FUND BALANCES - OCTOBER 1, 1980</b>   | <b>-0-</b>           | <b>-0-</b>        | <b>-0-</b>            | <b>18,058,023</b>   |
| Increase in beginning fund balance due to understating revenue in prior year financial statement (Note 11) |                      |                   |                       |                     |
| <b>FUND BALANCE - Sept. 30, 1981</b>   | <b>\$ -0-</b>        | <b>\$ 67,160</b>  | <b>\$ 67,160</b>      | <b>\$26,677,483</b> |



DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT SERVICE DIVISION  
CENTRALIZED SERVICES DIVISION

Notes to the Financial Statements  
Fiscal Years Ended September 30, 1981 and 1982

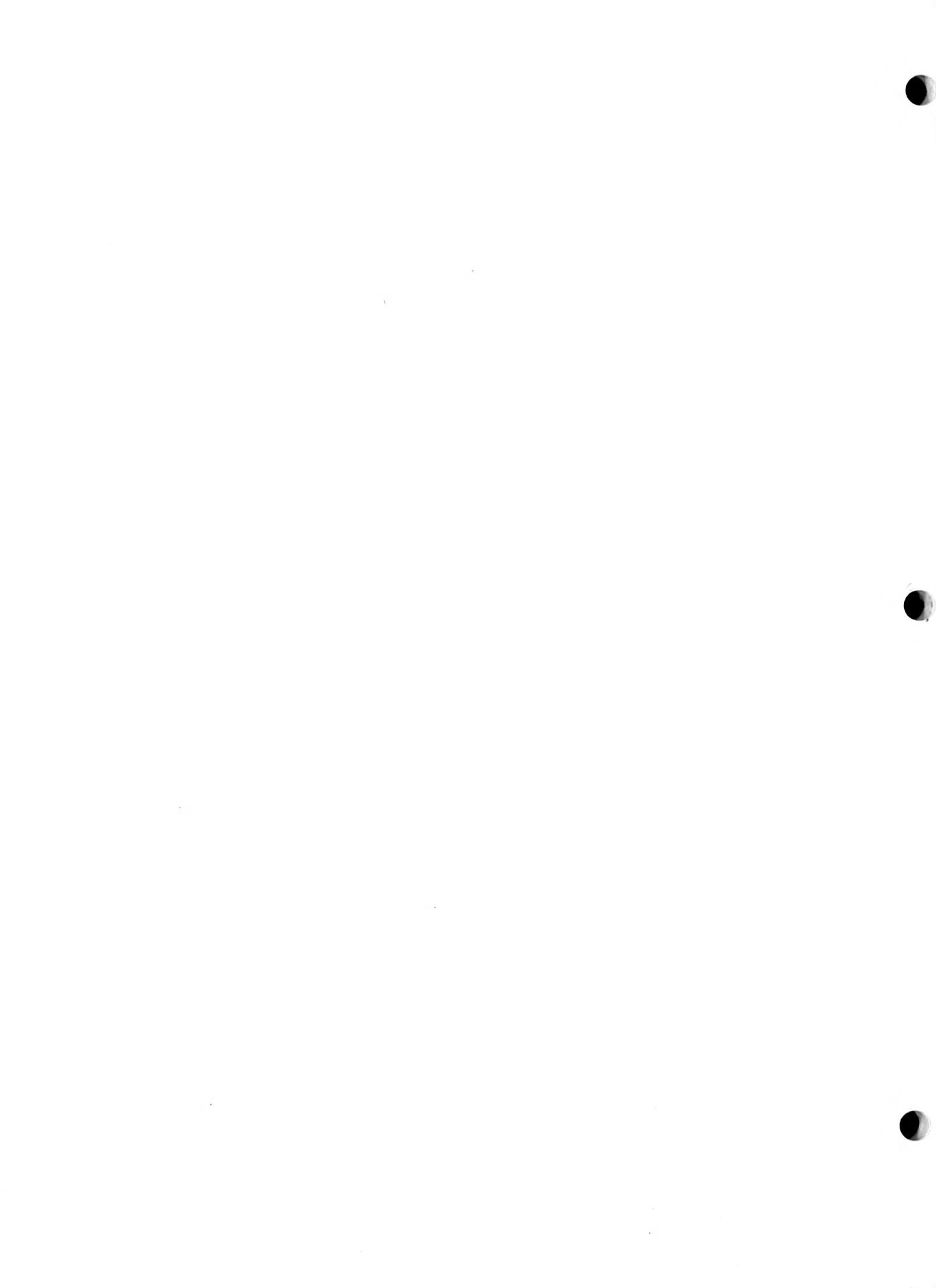
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Description of Funds

The financial statements were prepared from agency general ledgers maintained by the department and not the Statewide Budgeting and Accounting System. These agency ledgers are used as the primary accounting records for the department. The funds and account groups presented their relationship to the state treasury fund structure, and their purposes are:

Special Revenue Fund - To account for receipt and expenditure of money allocated to the department by the federal government for support of department programs and agency administration. Headings, account groups, and overall structure adhere to generally accepted accounting principles for government. This fund corresponds to the federal and private revenue fund, the federal and private grant clearance fund, and part of the agency fund within the state treasury fund structure.

Expendable Trust Fund - To account for tax moneys collected from employers within the state and to account for money placed in trust for the state with the United States Treasury. In addition, penalty and interest payments received from employers on past-due tax assessments prior to transfer to the federal fund is included in the Trust Fund. This fund includes the UI Benefit/Trust Fund programs. These funds are part of the agency fund within the State Treasury Fund structure.



General Fixed Assets Account Group - To account for fixed assets and equipment purchased by the department and related depreciation and debt accounts. These funds would be accounted for in the Property Accountability Management System (PAMS) within the State-wide Budgeting and Accounting System.

General Long-term Debt Account Group - The department currently is indebted on four long-term bond issues, a long-term note and a loan from the Unemployment Trust Fund. The proceeds of the bonds and notes were or are intended to be used to finance construction of the addition to the headquarters building and various local offices. The following paragraphs describe the obligations:

- A. The department had \$577,435 bonds payable to the State of Montana Public Employees' Retirement System at September 30, 1982. \$891,000 of these bonds were originally issued in June 1972 and \$499,000 were issued in June 1973 for a total of \$1,390,000. The bonds had an 8-3/4 percent interest rate until fiscal year 1973-74. The rate was then reduced to 8 percent for the remaining term of the bonds. Presently, the annual payment of the bonds, including interest, is \$176,270, and the issue will be retired in 1988. The \$176,270 payments are made by the department from funds provided by the federal government.
- B. The department has a \$237,000 note payable to the Montana Unemployment Insurance Trust Fund at September 30, 1982. This note was issued in July 1973, bears no interest and is to be repaid by the department when the bond described in paragraph A is retired. The source of funds to retire this note is the same as for the above-described bond issue.
- C. The department has a \$224,777 note payable to its penalty and interest program at September 30, 1982. This note was issued in June 1972, bears no interest, and is to be repaid by the department when the bond and note previously described have been retired. The federal government will provide the funds to retire this note.
- D. The department had \$1,150,806 payable at September 30, 1982, to Montana's Long Range Building Program for the portion of their May 1980 bond issue applicable to the departmental construction of a local office in Bozeman and an addition to the Kalispell office. Payments of \$110,000, including interest are required until 1996. The interest is at a rate of 7.0481 percent. The payments required will be made by the department from funds provided by the federal government. Construction of the Bozeman local office has not commenced as noted elsewhere in this report.



E. The department had \$345,046 payable to Montana's Long Range Building Program for construction of the Hamilton/Polson local offices at September 30, 1982. Construction has not commenced as noted elsewhere in this report. Payments of \$26,542 per year on principal are required until 1996. Interest payments vary each year with a varying interest rate of 9 to 12 percent. The payments required will be made by the department from funds provided by the federal government.

The annual payments for all bond principal requirements, except those in paragraphs B and C are as follows:

|           |                    |
|-----------|--------------------|
| 1983      | \$ 187,543         |
| 1984      | 182,978            |
| 1985      | 157,038            |
| 1986      | 167,141            |
| 1987      | 177,772            |
| 1988-2002 | <u>1,200,783</u>   |
|           | <u>\$2,073,255</u> |

b) Basis of Accounting

The department maintains its accounts on the modified accrual basis of accounting. Modified accrual is defined as "that method of accounting in which expenditures are recorded on the basis of legal liability and revenues are recorded when measurable and available." At the end of each month, all legal liabilities against an appropriation are accrued as expenditures.

c) Inventories

Inventories are expensed when purchased. No asset is recognized.

d) Allowance for Doubtful Accounts

The department maintains accounts receivable on a fully reserved basis, offset by a corresponding amount in an allowance for doubtful accounts. The revenue is not recognized until cash is measurable and available.

The department considers current accounts as collectible and suspended accounts as uncollectible.

e) Depreciation Method

In accordance with federal guidelines, the department computes



Depreciation Method - cont.

depreciation monthly, using the straight-line method of depreciation for all depreciable assets. Assets are considered to have no residual value. The major property groups and their related depreciation lives are as follows:

|                               |          |
|-------------------------------|----------|
| Buildings                     | 45 years |
| Land improvements             | 20 years |
| Office furniture and fixtures | 20 years |
| Office equipment              | 10 years |
| Automotive equipment          | 3 years  |

2. RETIREMENT PLAN

The department participates in the Public Employees' Retirement System which covers substantially all department employees. For fiscal years 1980-81 and 1981-82, the employees' contributory share was six percent of salaries and wages. The department contributed 6.2 and 6.32 percent to the plan for the periods October 1, 1980 through June 30, 1981 and July 1, 1981 to September 30, 1982 respectively. The retirement plan expenses for fiscal years 1980-81 and 1981-82 were \$593,512 and \$553,705 respectively.

The state's policy is to fund accrued pension costs. At June 30, 1982, the Public Employees' Retirement System was determined to be actuarially sound. The unfunded past service costs and the actuarially computed value of vested benefits were not available for members of the plan employed by the department.

3. ANNUAL VACATION AND SICK LEAVE

Employees accrue eight hours of sick leave and ten hours of vacation leave each month. Vacation leave accrual rates increase after ten years of service. In the event of termination, an employee is paid for 100 percent of accumulated vacation and 25 percent of accumulated sick leave. Accumulated vacation and sick leave monetary liability is not calculated until an employee terminates and is not readily determinable at September 30, 1982.



4. CASH OVERDRAWN

The \$449,614 shown as "cash overdrawn" represents a negative cash balance in the regular Unemployment Insurance bank account. To comply with federal regulations, U.I. benefits are to be claimed and paid, by warrant, prior to procuring a letter of credit drawdown from the U. S. Treasury. This allows the department to drawdown an amount approximate to that expended, leaving the maximum amount in the U. S. Treasury to draw interest.

5. DUE TO FUNDING SOURCE

This account normally represents the department's liability to the federal government for money received but not yet expended. Amounts received but not expended at the completion of a program revert to the federal government.

6. DUE FROM FUNDING SOURCE

Expenditures made by the department prior to the receipt of the federal funding are "due from" at September 30, 1982.

7. LEASED PREMISES

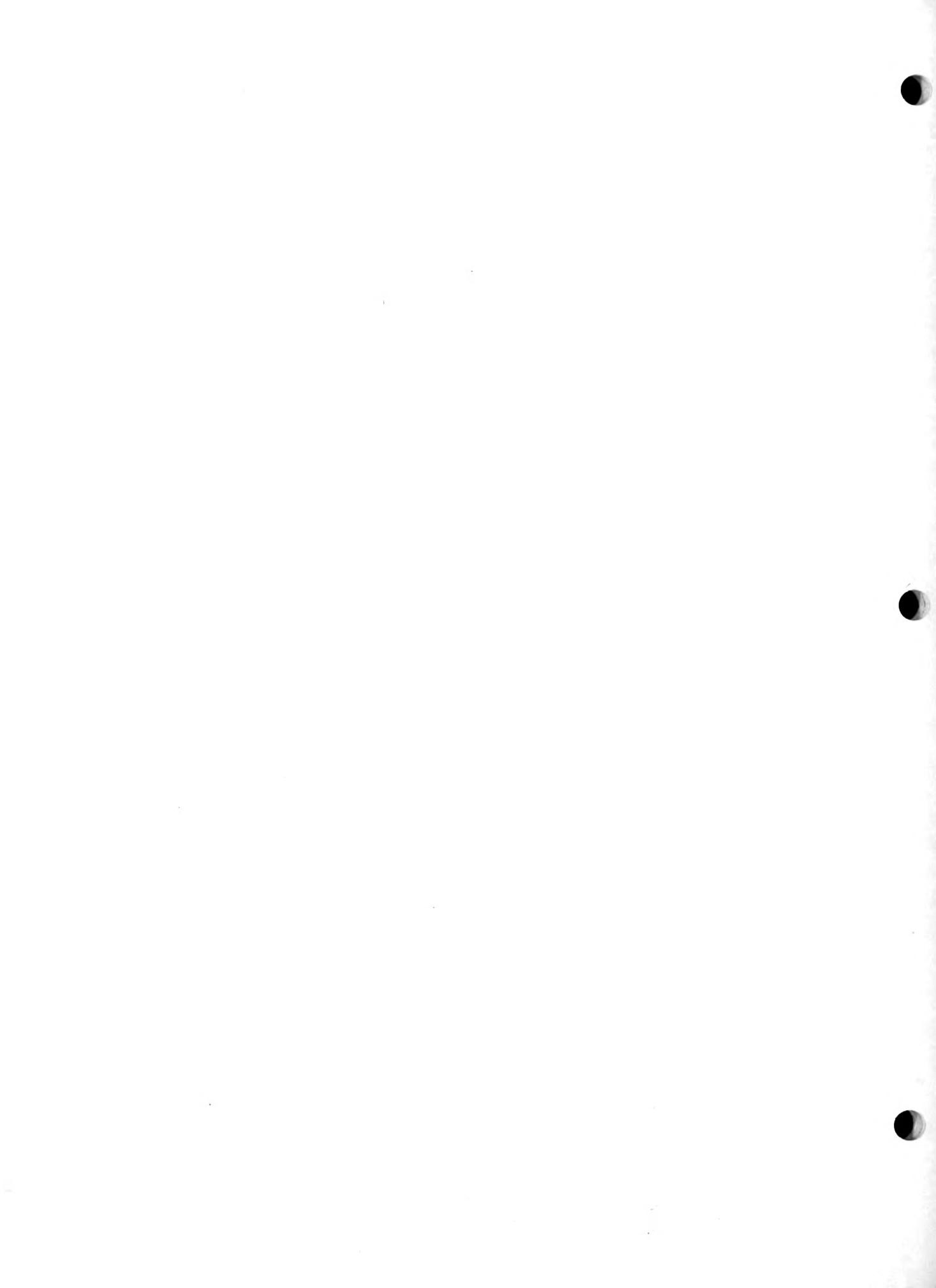
Presently, the department leases 26 buildings throughout the state for local offices, WIN and CETA centers, and two Casual Labor Offices. All lease payments are made monthly with the lowest payment currently being \$160 and the highest \$5,800. Total yearly payments for all leased buildings was \$350,516 and \$311,380 for fiscal years 1980-81 and 1981-82 respectively. All of the department's leases can be cancelled upon 30 to 60 days notice.

8. ACCOUNTS RECEIVABLE

Accounts receivable shown on the accompanying balance sheet have not been recorded as revenue and are fully reserved by the department. As much as 30 percent of employer contributions receivable may be uncollectible.

9. OTHER EQUIPMENT

"Other equipment" shown on the accompanying balance sheet includes \$61,198 of equipment purchased by the Employment and Training Administration



OTHER EQUIPMENT - cont.

in September, 1979. Although the department has possession and use of this equipment, the title remains with ETA. The equipment is fully depreciated at September 30, 1982.

10. BUDGET INFORMATION

Special Revenue Fund

The department utilizes a fixed annual basis of budgeting. Under the fixed annual method, appropriations of specific dollar amounts are set for each fiscal year by the U. S. Congress. The department submits detailed budget requests to the U. S. Department of Labor. These are incorporated into the overall Department of Labor budget.

When the budget is approved, the department receives obligational authority for each program for each fiscal year. The established obligational authority (appropriation) controls the department's financial operations during the fiscal year. At the end of each fiscal year, unobligated cash in the department's programs reverts to the federal government. The balance sheet item "due funding source" represents the accumulated balance at each fiscal year end.

Requests for changes in a program's level of obligational authority are submitted to the regional office of the U. S. Department of Labor. The requests are approved or denied based upon available funding.

Expendable Trust Fund

The State of Montana has adopted a financial plan to maintain the Unemployment Compensation Fund. The legislature establishes parameters relating to revenues and expenditures of the fund.

The department utilizes a flexible annual basis of budgeting. Under the flexible annual method, revenue and expenditure dollar estimates vary according to the demand for unemployment benefits.



Expendable Trust Fund - cont.

Revenue represents collections of the unemployment compensation tax.

The Montana Legislature sets parameters for the tax rate to be charged an employer and for the taxable wage base. The tax rate charged each employer may vary from year to year, based upon employment experience.

Expenditures represent payments of unemployment benefits to eligible claimants. The Montana Legislature establishes the benefit eligibility criteria and the parameters for the weekly dollar amount to be paid to an eligible claimant. Total benefits paid during the fiscal year vary according to the level of unemployment within the state.

11. ADJUSTMENT TO BEGINNING FUND BALANCE

The financial statements as of September 30, 1980 did not reflect \$429,923 of interest earned on cash in U. S. Treasury as of that date. Therefore, we have increased beginning fund balance by \$429,923 to reflect this error. If the interest had been recorded at September 30, 1980, total revenue and revenue in excess of expenditures would have been \$429,923 greater for the year ended September 30, 1980.

12. RECLASSIFICATION OF FUND STRUCTURE

During our audit period, the Department of Administration changed the reporting fund structure account classifications from what was used in prior fiscal years. The General and Special Revenue Funds were changed to Special Revenue and Expendable Trust Funds respectively. We concur with this classification change. The accounting remained the same within the funds, only a reclassification of fund names occurred.



SUPPLEMENTAL SCHEDULES



3



DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION

SUPPLEMENTAL BALANCE SHEET OF GENERAL LEDGER - ACCOUNT 90000  
SEPTEMBER 30, 1982

| <u>ACCOUNT<br/>NUMBER</u> |                                 | <u>BALANCE</u>   |
|---------------------------|---------------------------------|------------------|
| <u>ASSETS</u>             |                                 |                  |
| 100                       | Imprest Fund                    | \$ 1,100         |
| 101                       | Cash on deposit                 | 79,219           |
| 107                       | Travel revolving                | 4,587            |
| 109                       | Employee advances               | <u>3,895</u>     |
|                           | TOTAL ASSETS                    | <u>\$ 88,801</u> |
| <u>LIABILITIES</u>        |                                 |                  |
| 200                       | Accounts payable - vendors      | \$299,491        |
| 220                       | Cash advance for appropriations | ( 581,305)       |
| 240                       | Accrued state retirement        | 19,498           |
| 241                       | Accrued OASI                    | 20,780           |
| 242                       | Accrued Workers' compensation   | 1,009            |
| 244                       | Accrued group insurance         | 17,010           |
| 245                       | Accrued unemployment insurance  | 2,167            |
| 250                       | Accrued payroll                 | <u>310,151</u>   |
|                           | TOTAL LIABILITIES               | <u>\$ 88,801</u> |



DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION

SUPPLEMENTAL BALANCE SHEET OF PROPERTY LEDGER - ACCOUNT 99999  
SEPTEMBER 30, 1982

| <u>ACCOUNT<br/>NUMBER</u>          |   | <u>BALANCE</u>        |
|------------------------------------|---|-----------------------|
| <u>ASSETS</u>                      |   |                       |
| 150                                | Land  | \$ 457,776.82         |
| 151                                | Land improvements                                       | 4,958.05              |
| 161                                | Accumulated depreciation, land improvements             | ( 3,177.97)           |
| 152                                | Buildings   | 3,207,625.76          |
| 162                                | Accumulated depreciation, buildings                     | ( 876,843.62)         |
| 153                                | Office furniture and fixtures                           | 349,796.89            |
| 163                                | Accumulated depreciation, office furniture and fixtures | ( 175,022.14)         |
| 154                                | Office equipment  | 1,359,173.44          |
| 164                                | Accumulated depreciation, office equipment              | ( 593,086.90)         |
| 155                                | Other equipment   | 144,326.18            |
| 165                                | Accumulated depreciation, other equipment               | ( 142,845.37)         |
| 156                                | Construction-in-progress (Note 2)                       | <u>67,377.64</u>      |
|                                    | TOTAL ASSETS  | <u>\$3,800,058.78</u> |
| <u>LIABILITIES AND INVESTMENTS</u> |   |                       |
| 280                                | Long-term liabilities                                   | \$2,535,064.26        |
| <u>INVESTMENTS</u>                 |   |                       |
| 390                                | Fund investment   | <u>1,264,994.52</u>   |
|                                    | TOTAL LIABILITIES AND INVESTMENT                        | <u>\$3,800,058.78</u> |



DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION

SUPPLEMENTAL BALANCE SHEET OF GENERAL LEDGER - ACCOUNT 90000  
SEPTEMBER 30, 1981

| <u>ACCOUNT<br/>NUMBER</u> |                                       | <u>BALANCE</u>   |
|---------------------------|---------------------------------------|------------------|
| <u>ASSETS</u>             |                                       |                  |
| 100                       | Imprest Fund                          | \$ 1,100         |
| 101                       | Cash on deposit                       | 303,755          |
| 107                       | Travel revolving                      | 2,588            |
| 109                       | Employee advances                     | 1,928            |
| 141                       | Prepaid expense - Commissioner budget | <u>29,005</u>    |
| TOTAL ASSETS              |                                       | <u>\$338,376</u> |
| <u>LIABILITIES</u>        |                                       |                  |
| 200                       | Accounts payable - vendors            | \$315,057        |
| 220                       | Cash advance for appropriations       | ( 336,835)       |
| 240                       | Accrued state retirement              | 19,062           |
| 241                       | Accrued OASI                          | 20,057           |
| 242                       | Accrued Worker's compensation         | 938              |
| 244                       | Accrued group insurance               | 15,773           |
| 245                       | Accrued unemployment insurance        | 2,710            |
| 250                       | Accrued payroll                       | <u>301,614</u>   |
| TOTAL LIABILITIES         |                                       | <u>\$338,376</u> |



DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION

SUPPLEMENTAL BALANCE SHEET OF PROPERTY LEDGER - ACCOUNT 99999  
SEPTEMBER 30, 1981

| <u>ACCOUNT<br/>NUMBER</u>          |   | <u>BALANCE</u>        |
|------------------------------------|---|-----------------------|
| <u>ASSETS</u>                      |   |                       |
| 150                                | Land  | \$ 457,776.82         |
| 151                                | Land improvements                                       | 4,958.05              |
| 161                                | Accumulated depreciation, land improvements             | ( 2,930.05)           |
| 152                                | Buildings   | 2,871,223.80          |
| 162                                | Accumulated depreciation, buildings                     | ( 803,570.05)         |
| 153                                | Office furniture and fixtures                           | 354,392.41            |
| 163                                | Accumulated depreciation, office furniture and fixtures | ( 165,514.26)         |
| 154                                | Office equipment  | 1,119,987.73          |
| 164                                | Accumulated depreciation, office equipment              | ( 483,140.92)         |
| 155                                | Other equipment   | 190,803.69            |
| 165                                | Accumulated depreciation, other equipment               | ( 162,614.65)         |
| 156                                | Construction-in-progress (Note 2)                       | <u>66,540.39</u>      |
| TOTAL ASSETS                       |   | <u>\$3,447,912.96</u> |
| <u>LIABILITIES AND INVESTMENTS</u> |   |                       |
| 280                                | Long-term liabilities                                   | \$2,337,446.17        |
| <u>INVESTMENTS</u>                 |   |                       |
| 390                                | Fund investment   | <u>1,110,466.79</u>   |
| TOTAL LIABILITIES AND INVESTMENT   |   | <u>\$3,447,912.96</u> |



DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION

SCHEDULE OF CAPITAL PROJECTS  
FOR TWO FISCAL YEARS ENDED SEPTEMBER 30, 1982

| <u>Project Description</u>                                 | <u>Approp.<br/>Balance<br/>October 1, 1980</u> | <u>Budget<br/>Amendments</u> | <u>Expended<br/>Fiscal Year<br/>1980-81</u> | <u>Approp.<br/>Reverted</u> | <u>Approp.<br/>Balance<br/>September 30, 1981</u> |
|--|--|------------------------------|---|-----------------------------|---|
| Addition - Job Service, Kalispell<br>Approp. #60177        | \$ 17,765.24                                   |                              | \$ 3,627.95                                 |                             | \$ 14,137.29                                      |
| Bozeman Job Service<br>Approp. #60178                      | 816,270.00                                     |                              | 3,349.64                                    |                             | 812,920.36  |
| Miscellaneous<br>Repairs and remodeling,<br>Approp. #71505 | 36,542.03                                      |                              | 11,613.85                                   |                             | 24,928.18   |
| <br>   |  |                              |   |                             |   |
| <u>Project Description</u>                                 | <u>Approp.<br/>Balance<br/>October 1, 1981</u> | <u>Budget<br/>Amendments</u> | <u>Expended<br/>Fiscal Year<br/>1981-82</u> | <u>Approp.<br/>Reverted</u> | <u>Approp.<br/>Balance<br/>September 30, 1982</u> |
| Hamilton Job Service<br>Approp. #61288                     | \$500,000.00                                   |                              | \$ 298.00                                   | \$300,000.00                | \$199,702.00                                      |
| Addition - Job Service Kalispell<br>Approp. #60177         | 14,137.29                                      |                              | 539.25                                      |                             | 13,598.04   |
| Bozeman Job Service<br>Approp. #60178                      | 812,920.36                                     |                              |   |                             | 812,920.36  |
| Polson Job Service<br>Approp. #61287                       | 500,000.00                                     |                              |   |                             | \$300,000.00                                      |
| Miscellaneous:<br>Repairs and remodeling<br>Approp. #71555 | 24,928.18                                      |                              |   |                             | 909.70  |

DEPARTMENT OF LABOR AND INDUSTRY  
 JOB SERVICE DIVISION, UNEMPLOYMENT INSURANCE DIVISION, AND CENTRALIZED SERVICES DIVISION  
 SCHEDULE OF FINANCIAL POSITION  
 FISCAL YEAR ENDED SEPTEMBER 30, 1982

| <u>Fund Ledger Description</u> | <u>Obligational Authority</u> | <u>Prior Years Cash Receipts</u> | <u>Current Year Cash Receipts</u> | <u>Total Cash Receipts</u> | <u>Funds Available But Not Withdrawn</u> |
|--------------------------------|-------------------------------|----------------------------------|-----------------------------------|----------------------------|--|
| 92059 E.S. GRANTS              | \$ 4,218,041                  | \$ 4,215,655                     | \$ 2,386                          | \$ 4,218,041               | ---                                      |
| 91700 TRADE ACT CMA            | 150,585                       | 140,000                          | 9,808                             | 149,808                    | \$ 777                                   |
| 92050 E. S. GRANTS             | 4,303,461                     | 4,307,191                        | ( 3,730)                          | 4,303,461                  | ---                                      |
| 92070 E. S. TRA                | 2,524                         | 2,524                            | ---                               | 2,524                      | ---                                      |
| 92100 U. I. GRANTS             | 4,322,097                     | 4,330,365                        | ( 8,268)                          | 4,322,097                  | ---                                      |
| 92110 U. I. SUPPORT            | 153,980                       | 132,055                          | 21,925                            | 153,980                    | ---                                      |
| 96380 OLD WEST REGL COMM       | 26,988                        | 15,276                           | 11,712                            | 26,988                     | ---                                      |
| 90101 FECA - UCPE              | 1,931,946                     | 1,931,000                        | 946                               | 1,931,946                  | ---                                      |
| 90121 FECA - UCP               | 43,937                        | 40,000                           | 3,937                             | 43,937                     | ---                                      |
| 91101 CETA IV JOB CORPS        | 172,830                       | 172,830                          | ( 466)                            | 172,364                    | 466                                      |
| 91121 ETA/PSE                  | 188,526                       | ---                              | 160,989                           | 160,989                    | 27,537                                   |
| 91401 DVOP                     | 43,384                        | 39,384                           | ( 6,112)                          | 33,272                     | 10,112                                   |
| 91531 CETA TAT                 | 34,765                        | 12,765                           | 22,000                            | 34,765                     | ---                                      |
| 91751 TJTC                     | 77,679                        | 77,679                           | ---                               | 77,679                     | ---                                      |
| 92051 E.S. GRANTS              | 4,956,466                     | 4,604,188                        | 352,278                           | 4,956,466                  | ---                                      |
| 92101 U.I. GRANTS              | 4,804,068                     | 4,561,000                        | 243,068                           | 4,804,068                  | ---                                      |
| 92121 FOOD STAMPS              | 227,805                       | 195,000                          | 32,805                            | 227,805                    | ---                                      |
| 92241 UCX                      | 1,561,693                     | 1,550,000                        | 11,693                            | 1,561,693                  | ---                                      |
| 92261 TEA                      | 2,010,069                     | 2,009,522                        | 547                               | 2,010,069                  | ---                                      |
| 92291 UI-EB/FSB FED SHARE      | 1,745,088                     | 1,746,844                        | ( 1,756)                          | 1,745,088                  | ---                                      |
| 92321 UI-PSE                   | 783,751                       | 779,387                          | 4,364                             | 783,751                    | ---                                      |
| 92361 DUA ADMIN                | 6,766                         | 5,200                            | 1,566                             | 6,766                      | ---                                      |
| 92371 DUA ALLOWANCES           | 24,532                        | 19,800                           | 4,732                             | 24,532                     | ---                                      |
| 92511 WIN STATE CENTRAL        | 247,314                       | 253,635                          | ( 6,321)                          | 247,314                    | ---                                      |
| 92521 WIN LOCAL PROJECT        | 949,518                       | 967,000                          | ( 17,482)                         | 949,518                    | ---                                      |
| 93011 CETA CLASSROOM TRNG      | 932,404                       | 910,000                          | 22,404                            | 932,404                    | ---                                      |
| 93021 CETA OJT                 | 789,463                       | 760,000                          | 29,463                            | 789,463                    | ---                                      |
| 93051 CETA BASIC ED            | 125,092                       | 134,100                          | ( 9,008)                          | 125,092                    | ---                                      |
| 93061 CETA NATIVE AMER TB      | 24,045                        | 25,000                           | ( 955)                            | 24,045                     | ---                                      |
| 93071 CETA ADULT WORK EXP      | 366,013                       | 355,000                          | 11,013                            | 366,013                    | ---                                      |
| 93081 CETA JOB FINDING CLUB    | 190,926                       | 185,000                          | 5,926                             | 190,926                    | ---                                      |
| 93091 CETA WORLD OF WORK       | 188,701                       | 185,900                          | 2,801                             | 188,701                    | ---                                      |
| 93101 CETA SERVICES            | 2,121,341                     | 2,160,000                        | ( 38,659)                         | 2,121,341                  | ---                                      |
| 93141 CETA CEP                 | 1,463,533                     | 1,463,000                        | ( 62,418)                         | 1,400,582                  | 62,951                                   |
| 93161 CETA GOVN. SPEC. GRNT    | 147,432                       | 124,478                          | 22,954                            | 147,432                    | ---                                      |
| 93271 CETA PSE II              | 2,033,698                     | 2,229,000                        | ( 195,302)                        | 2,033,698                  | ---                                      |
| 93281 CETA PSE VI              | 459,293                       | 503,000                          | ( 43,707)                         | 459,293                    | ---                                      |
| 93291 CETA PSE VI A            | 476,539                       | 530,000                          | ( 53,461)                         | 476,539                    | ---                                      |
| 93351 CETA YETP                | 92,558                        | 101,460                          | ( 8,902)                          | 92,558                     | ---                                      |
| 96181 PRIVATE INDUST COUNL     | ---                           | ---                              | ---                               | ---                        | ---                                      |
| 96191 PINE HILLS FLP           | ---                           | ---                              | ---                               | ---                        | ---                                      |
| 96311 UNION TAT                | 48,072                        | 55,000                           | ( 6,928)                          | 48,072                     | ---                                      |
| 96481 PIC PROJECT TRANS        | 27,262                        | 19,794                           | 7,468                             | 27,262                     | ---                                      |
| 96611 MOES                     | 31,245                        | 32,937                           | ( 1,692)                          | 31,245                     | ---                                      |
| 96701 NAPSIP                   | 27,966                        | 26,604                           | 1,362                             | 27,966                     | ---                                      |
| 97001 U.I. BENEFITS            | 42,164,115                    | 42,061,272                       | 102,843                           | 42,164,115                 | ---                                      |
| 99851 PENALTY AND INTEREST     | 139,940                       | 207,100                          | ( 140,210)                        | 66,890                     | 73,050                                   |
| 90102 FECA - UCFE              | 2,820,962                     | ---                              | 2,810,054                         | 2,810,054                  | 10,908                                   |
| 90122 FECA - UCP               | 22,813                        | ---                              | 22,063                            | 22,063                     | 750                                      |
| 91102 CETA IV JOB CORPS        | 184,300                       | ---                              | 180,400                           | 180,400                    | 3,900                                    |
| 91542 CETA III LMI             | 49,400                        | ---                              | 57,100                            | 57,100                     | ( 7,700)                                 |
| 91702 TRADE ACT CMA            | 37,484                        | ---                              | 6,280                             | 6,280                      | 31,204                                   |
| 91752 TJTC                     | 88,126                        | ---                              | 75,100                            | 75,100                     | 13,026                                   |
| 92052 E. S. GRANTS             | 4,680,165                     | ----                             | 4,102,032                         | 4,102,032                  | 578,133                                  |
| 92062 UI/ES FSC                | 24,915                        | ----                             | ---                               | ---                        | 24,915                                   |
| 92092 UI FSC                   | ---                           | ----                             | ----                              | ----                       | ---                                      |
| 92102 UI GRANTS                | 5,247,862                     | ----                             | 4,742,000                         | 4,742,000                  | 505,862                                  |
| 92122 FOOD STAMPS              | 222,796                       | ----                             | 222,796                           | 222,796                    | ---                                      |
| 92242 UCX                      | 265,100                       | ----                             | 372,000                           | 372,000                    | ( 106,900)                               |
| 92262 TEA                      | 218,100                       | ----                             | 65,000                            | 65,000                     | 153,100                                  |
| 92292 UI-EB/FSB FED SHARE      | 2,890,043                     | ----                             | 2,632,000                         | 2,632,000                  | 258,043                                  |
| 92322 UI-PSE                   | 256,800                       | ----                             | 167,771                           | 167,771                    | 89,029                                   |
| 92512 WIN STATE CENTRAL        | 184,071                       | ----                             | 167,000                           | 167,000                    | 17,071                                   |
| 92522 WIN LOCAL PROJECT        | 806,908                       | ----                             | 606,000                           | 606,000                    | 200,908                                  |

| Prior Years<br>Expenditures | Current Year<br>Expenditures | Total<br>Expenditures | Resources<br>On Order | Total<br>Obligations | Ending Liability<br>To Sponsor | Unobligated<br>Balance |
|-----------------------------|------------------------------|-----------------------|-----------------------|----------------------|--------------------------------|------------------------|
| \$ 4,218,041                | ---                          | \$ 4,218,041          | ---                   | \$ 4,218,041         | ---                            | ---                    |
| 137,284                     | \$ 12,524                    | 149,808               | ---                   | 149,808              | ---                            | \$ 777                 |
| 4,303,461                   | ---                          | 4,303,461             | ---                   | 4,303,461            | ---                            | ---                    |
| 2,524                       | ---                          | 2,524                 | ---                   | 2,524                | ---                            | ---                    |
| 4,322,097                   | ---                          | 4,322,097             | ---                   | 4,322,097            | ---                            | ---                    |
| 153,980                     | ---                          | 153,980               | ---                   | 153,980              | ---                            | ---                    |
| 18,839                      | 8,149                        | 26,988                | ---                   | 26,988               | ---                            | ---                    |
| 1,931,946                   | ---                          | 1,931,946             | ---                   | 1,931,946            | ---                            | ---                    |
| 43,937                      | ---                          | 43,937                | ---                   | 43,937               | ---                            | ---                    |
| 172,364                     | ---                          | 172,364               | ---                   | 172,364              | ---                            | 466                    |
| 25,760                      | 121,187                      | 146,947               | ---                   | 146,947              | \$ 14,042                      | 41,579                 |
| 33,272                      | ---                          | 33,272                | ---                   | 33,272               | ---                            | 10,112                 |
| 9,924                       | 24,841                       | 34,765                | ---                   | 34,765               | ---                            | ---                    |
| 76,451                      | 1,228                        | 77,679                | ---                   | 77,679               | ---                            | ---                    |
| 4,918,824                   | 37,642                       | 4,956,466             | ---                   | 4,956,466            | ---                            | ---                    |
| 4,789,960                   | 14,108                       | 4,804,068             | ---                   | 4,804,068            | ---                            | ---                    |
| 227,805                     | ---                          | 227,805               | ---                   | 227,805              | ---                            | ---                    |
| 1,543,485                   | 18,208                       | 1,561,693             | ---                   | 1,561,693            | ---                            | ---                    |
| 1,989,017                   | 21,052                       | 2,010,069             | ---                   | 2,010,069            | ---                            | ---                    |
| 1,745,088                   | ---                          | 1,745,088             | ---                   | 1,745,088            | ---                            | ---                    |
| 772,028                     | 11,723                       | 783,751               | ---                   | 783,751              | ---                            | ---                    |
| 6,290                       | 476                          | 6,766                 | ---                   | 6,766                | ---                            | ---                    |
| 19,424                      | 5,108                        | 24,532                | ---                   | 24,532               | ---                            | ---                    |
| 247,314                     | ---                          | 247,314               | ---                   | 247,314              | ---                            | ---                    |
| 949,518                     | ---                          | 949,518               | ---                   | 949,518              | ---                            | ---                    |
| 933,337                     | ( 933)                       | 932,404               | ---                   | 932,404              | ---                            | ---                    |
| 794,946                     | ( 5,483)                     | 789,463               | ---                   | 789,463              | ---                            | ---                    |
| 124,609                     | 483                          | 125,092               | ---                   | 125,092              | ---                            | ---                    |
| 24,045                      | ---                          | 24,045                | ---                   | 24,045               | ---                            | ---                    |
| 367,272                     | ( 1,259)                     | 366,013               | ---                   | 366,013              | ---                            | ---                    |
| 192,778                     | ( 1,852)                     | 190,926               | ---                   | 190,926              | ---                            | ---                    |
| 188,893                     | ( 192)                       | 188,701               | ---                   | 188,701              | ---                            | ---                    |
| 2,117,867                   | 3,474                        | 2,121,341             | ---                   | 2,121,341            | ---                            | ---                    |
| 1,387,736                   | 12,846                       | 1,400,582             | ---                   | 1,400,582            | ---                            | 62,051                 |
| 147,281                     | 151                          | 147,432               | ---                   | 147,432              | ---                            | ---                    |
| 2,033,723                   | ( 25)                        | 2,033,698             | ---                   | 2,033,698            | ---                            | ---                    |
| 459,293                     | ---                          | 459,293               | ---                   | 459,293              | ---                            | ---                    |
| 476,542                     | ( 3)                         | 476,539               | ---                   | 476,539              | ---                            | ---                    |
| 94,007                      | ( 1,449)                     | 92,558                | ---                   | 92,558               | ---                            | ---                    |
| 29,797                      | ( 29,797)                    | ---                   | ---                   | ---                  | ---                            | ---                    |
| 1,063                       | ( 1,063)                     | ---                   | ---                   | ---                  | ---                            | ---                    |
| 47,127                      | 945                          | 48,072                | ---                   | 48,072               | ---                            | ---                    |
| 27,262                      | ---                          | 27,262                | ---                   | 27,262               | ---                            | ---                    |
| 31,245                      | ---                          | 31,245                | ---                   | 31,245               | ---                            | ---                    |
| 27,816                      | 150                          | 27,966                | ---                   | 27,966               | ---                            | ---                    |
| 42,164,115                  | ---                          | 42,164,115            | ---                   | 42,164,115           | ---                            | ---                    |
| 139,940                     | ---                          | 139,940               | ---                   | 139,940              | ( 73,050)                      | ---                    |
| ---                         | 2,820,962                    | 2,820,962             | ---                   | 2,820,962            | ( 10,908)                      | ---                    |
| ---                         | 22,813                       | 22,813                | ---                   | 22,813               | ( 750)                         | ---                    |
| ---                         | 176,221                      | 176,221               | ---                   | 176,221              | 4,179                          | 8,079                  |
| ---                         | 47,029                       | 47,029                | \$ 1,357              | 48,386               | 10,071                         | 1,014                  |
| ---                         | 6,280                        | 6,280                 | ---                   | 6,280                | ---                            | 31,204                 |
| ---                         | 76,138                       | 76,138                | ---                   | 76,138               | ( 1,038)                       | 11,988                 |
| ---                         | 4,544,504                    | 4,544,504             | 135,273               | 4,679,777            | ( 442,472)                     | 388                    |
| ---                         | ---                          | ---                   | ---                   | ---                  | ---                            | 24,915                 |
| ---                         | 13,118                       | 13,118                | ---                   | 13,118               | ( 13,118)                      | ( 13,118)              |
| ---                         | 5,255,718                    | 5,255,718             | 10,632                | 5,266,350            | ( 513,718)                     | ( 18,488)              |
| ---                         | 222,796                      | 222,796               | ---                   | 222,796              | ---                            | ---                    |
| ---                         | 375,488                      | 375,488               | ---                   | 375,488              | ( 3,488)                       | ( 110,388)             |
| ---                         | 68,173                       | 68,173                | ---                   | 68,173               | ( 3,173)                       | 149,927                |
| ---                         | 2,890,043                    | 2,890,043             | ---                   | 2,890,043            | ( 258,043)                     | ---                    |
| ---                         | 167,771                      | 167,771               | ---                   | 167,771              | ---                            | 89,029                 |
| ---                         | 170,371                      | 170,371               | ---                   | 170,371              | ( 3,371)                       | 13,700                 |
| ---                         | 678,721                      | 678,721               | ---                   | 678,721              | ( 72,721)                      | 128,187                |

DEPARTMENT OF LABOR AND INDUSTRY  
 JOB SERVICE DIVISION, UNEMPLOYMENT INSURANCE DIVISION, AND CENTRALIZED SERVICES DIVISION  
 SCHEDULE OF FINANCIAL POSITION - CONTINUED  
 FISCAL YEAR ENDED SEPTEMBER 30, 1982

| <u>Fund Ledger Description</u> | <u>Obligational Authority</u> | <u>Prior Years Cash Receipts</u> | <u>Current Year Cash Receipts</u> | <u>Total Cash Receipts</u> | <u>Funds Available But Not Withdrawn</u> |
|--------------------------------|-------------------------------|----------------------------------|-----------------------------------|----------------------------|--|
| 93012 CETA CLASSROOM TRNG      | \$ 500,000                    | ---                              | \$ 495,000                        | \$ 495,000                 | \$ 5,000                                 |
| 93022 CETA OJT                 | 802,680                       | ---                              | 643,000                           | 643,000                    | 159,680                                  |
| 93052 CETA BASIC ED            | 69,315                        | ---                              | 65,897                            | 65,897                     | 3,418                                    |
| 93062 CETA NATIVE AMEC TB      | 27,000                        | ---                              | 21,886                            | 21,886                     | 5,114                                    |
| 93072 CETA ADULT WORK EXP.     | 219,744                       | ---                              | 199,744                           | 199,744                    | 20,000                                   |
| 93082 CETA JOB FINDING CLB.    | 242,157                       | ---                              | 230,000                           | 230,000                    | 12,157                                   |
| 93092 CETA WORLD OF WORK       | 166,365                       | ---                              | 160,000                           | 160,000                    | 6,365                                    |
| 93102 CETA SERVICES            | 1,312,252                     | ---                              | 1,310,000                         | 1,310,000                  | 2,252                                    |
| 93112 CETA ADMIN               | 462,772                       | ---                              | 470,000                           | 470,000                    | ( 7,228)                                 |
| 93122 CETA MOBILE JOB CLUB     | 78,665                        | ---                              | 73,665                            | 73,665                     | 5,000                                    |
| 93142 CETA CEP                 | 1,354,281                     | ---                              | 1,325,000                         | 1,325,000                  | 29,281                                   |
| 93152 CETA TITLE VII           | ---                           | ---                              | ---                               | ---                        | ---                                      |
| 93162 CETA GOVN. SPEC. GRNT    | 72,005                        | ---                              | 72,005                            | 72,005                     | ---                                      |
| 93172 CETA PIC                 | 273,131                       | ---                              | 268,032                           | 268,032                    | 5,099                                    |
| 94502 DISTRB. DATA PROC.       | ---                           | ---                              | ---                               | ---                        | ---                                      |
| 96612 MOES                     | 31,488                        | ---                              | 19,762                            | 19,762                     | 11,726                                   |
| 96622 CIDS                     | 20,218                        | ---                              | 20,218                            | 20,218                     | ---                                      |
| 97002 UI BENEFITS              | 62,042,808                    | ---                              | 61,854,913                        | 61,854,913                 | 187,895                                  |
| 99852 PENALTY AND INTEREST     | 337,160                       | ---                              | 337,160                           | 337,160                    | ---                                      |
| <b>TOTAL</b>                   | <b>\$170,849,337</b>          | <b>\$ 84,176,945</b>             | <b>\$84,279,491</b>               | <b>\$168,456,436</b>       | <b>\$2,392,901</b>                       |

| <u>Prior Years<br/>Expenditures</u> | <u>Current Year<br/>Expenditures</u> | <u>Total<br/>Expenditures</u> | <u>Resources<br/>On Order</u> | <u>Total<br/>Obligations</u> | <u>Ending Liability<br/>To Sponsor</u> | <u>Unobligated<br/>Balance</u> |
|-------------------------------------|--------------------------------------|-------------------------------|-------------------------------|------------------------------|--|--------------------------------|
| ---                                 | 471,840                              | 471,840                       | ---                           | 471,840                      | 23,160                                 | 28,160                         |
| ---                                 | 802,680                              | 802,680                       | ---                           | 802,680                      | ( 159,680)                             | ---                            |
| ---                                 | 66,989                               | 66,989                        | ---                           | 66,989                       | ( 1,092)                               | 2,326                          |
| ---                                 | 21,886                               | 21,886                        | ---                           | 21,886                       | ---                                    | 5,114                          |
| ---                                 | 214,951                              | 214,951                       | ---                           | 214,951                      | ( 15,207)                              | 4,793                          |
| ---                                 | 222,668                              | 222,668                       | ---                           | 222,668                      | 7,332                                  | 19,489                         |
| ---                                 | 161,218                              | 161,218                       | ---                           | 161,218                      | ( 1,218)                               | 5,147                          |
| ---                                 | 1,275,412                            | 1,275,412                     | ---                           | 1,275,412                    | 34,588                                 | 36,840                         |
| ---                                 | 402,304                              | 402,304                       | ---                           | 402,304                      | 67,696                                 | 60,468                         |
| ---                                 | 78,552                               | 78,552                        | ---                           | 78,552                       | ( 4,887)                               | 113                            |
| ---                                 | 1,341,702                            | 1,341,702                     | ---                           | 1,341,702                    | ( 16,702)                              | 12,579                         |
| ---                                 | 37,244                               | 37,244                        | ---                           | 37,244                       | ( 37,244)                              | ( 37,244)                      |
| ---                                 | 72,005                               | 72,005                        | ---                           | 72,005                       | ---                                    | ---                            |
| ---                                 | 273,131                              | 273,131                       | ---                           | 273,131                      | ( 5,099)                               | ---                            |
| ---                                 | ---                                  | ---                           | ---                           | ---                          | ---                                    | ---                            |
| ---                                 | 28,849                               | 28,849                        | ---                           | 28,849                       | ( 9,087)                               | 2,639                          |
| ---                                 | 20,218                               | 20,218                        | ---                           | 20,218                       | ---                                    | ---                            |
| ---                                 | 62,042,808                           | 62,042,808                    | ---                           | 62,042,808                   | ( 187,895)                             | ---                            |
| ---                                 | ---                                  | ---                           | ---                           | ---                          | 337,160                                | 337,160                        |
| <u>\$84,469,327</u>                 | <u>\$85,322,842</u>                  | <u>\$169,792,169</u>          | <u>\$147,262</u>              | <u>\$169,939,431</u>         | <u>(\$1,335,733)</u>                   | <u>\$909,906</u>               |

DEPARTMENT OF LABOR AND INDUSTRY  
 JOB SERVICE DIVISION, UNEMPLOYMENT INSURANCE DIVISION AND CENTRALIZED SERVICES DIVISION  
 SCHEDULE OF FINANCIAL POSITION  
 FISCAL YEAR ENDED SEPTEMBER 30, 1981

| <u>Fund Ledger Description</u>    | <u>Obligational Authority</u> | <u>Prior Years Cash Receipts</u> | <u>Current Year Cash Receipts</u> | <u>Total Cash Receipts</u> | <u>Funds Available But Not Withdrawn</u> |
|-----------------------------------|-------------------------------|----------------------------------|-----------------------------------|----------------------------|--|
| 91506 WIN TAT                     | \$ 242,857                    | \$ 244,995                       | ( \$ 2,138)                       | \$ 242,857                 | ---                                      |
| 91539 CETA TAT                    | 1,830                         | 3,400                            | ( 1,570)                          | 1,830                      | ---                                      |
| 91709 TRADE ACT CMA               | 92,862                        | 79,500                           | 13,362                            | 92,862                     | ---                                      |
| 92059 E.S. GRANTS                 | 4,218,275                     | 4,212,155                        | 3,500                             | 4,215,655                  | \$ 2,620                                 |
| 92109 U.I. GRANTS                 | 4,295,002                     | 4,301,524                        | ( 6,522)                          | 4,295,002                  | ---                                      |
| 96629 SOIC                        | 3,069                         | 2,861                            | 208                               | 3,069                      | ---                                      |
| 91050 JSIP TEAM BLDG.             | 450                           | ---                              | 450                               | 450                        | ---                                      |
| 91100 CETA IV JOB CORPS           | 161,691                       | 156,713                          | 4,978                             | 161,691                    | ---                                      |
| 91400 DVOP                        | 139,403                       | 98,857                           | 40,546                            | 139,403                    | ---                                      |
| 91540 CETA III LMI                | 56,605                        | 58,400                           | ( 1,795)                          | 56,605                     | ---                                      |
| 91700 TRADE ACT CMA               | 240,000                       | ---                              | 140,000                           | 140,000                    | 100,000                                  |
| 91750 TJTC                        | 125,180                       | 121,000                          | 4,180                             | 125,180                    | ---                                      |
| 92050 E.S. GRANTS                 | 4,306,584                     | 4,211,371                        | 95,820                            | 4,307,191                  | ( 607)                                   |
| 92070 E.S./TRA                    | 3,131                         | ---                              | 2,524                             | 2,524                      | 607                                      |
| 92100 U.I. GRANTS                 | 4,329,764                     | 4,090,000                        | 240,365                           | 4,330,365                  | ( 601)                                   |
| 92110 U.I. SUPP                   | 199,725                       | ---                              | 132,055                           | 132,055                    | 67,670                                   |
| 92190 FOOD STAMPS                 | 176,260                       | 180,690                          | ( 4,430)                          | 176,260                    | ---                                      |
| 92220 UCFE                        | 2,038,961                     | 2,042,539                        | ( 3,578)                          | 2,038,961                  | ---                                      |
| 92240 UCX                         | 1,458,695                     | 1,468,207                        | ( 9,512)                          | 1,458,695                  | ---                                      |
| 92260 TEA                         | 942,541                       | 928,079                          | 14,462                            | 942,541                    | ---                                      |
| 92280 UCXP                        | 65,206                        | 66,136                           | ( 930)                            | 65,206                     | ---                                      |
| 92290 UI-EB/FSB FEDERAL SHARE     | 1,182,404                     | 1,398,861                        | ( 216,457)                        | 1,182,404                  | ---                                      |
| 92300 SUA                         | ---                           | 2,522                            | ( 2,522)                          | ---                        | ---                                      |
| 92320 UI-PSE                      | 1,022,632                     | 1,030,812                        | ( 8,180)                          | 1,022,632                  | ---                                      |
| 92510 WIN STATE CENTRAL           | 173,140                       | 187,000                          | ( 13,860)                         | 173,140                    | ---                                      |
| 92520 WIN LOCAL PROJECT           | 970,070                       | 999,199                          | ( 29,129)                         | 970,070                    | ---                                      |
| 92800 WIN DEMO PROJECT            | 123,367                       | 137,181                          | ( 22,811)                         | 114,370                    | 8,997                                    |
| 92820 MISSOULA JOB CLUB           | 41,789                        | 48,000                           | ( 11,167)                         | 36,833                     | 4,956                                    |
| 93010 CETA CLASSROOM TRAINING     | 951,578                       | 885,653                          | 65,925                            | 951,578                    | ---                                      |
| 93020 CETA OJT                    | 469,138                       | 244,875                          | 224,263                           | 469,138                    | ---                                      |
| 93030 STIP                        | 48,297                        | 54,000                           | ( 5,703)                          | 48,297                     | ---                                      |
| 93050 CETA BASIC EDUCATION        | 169,272                       | 167,398                          | 1,874                             | 169,272                    | ---                                      |
| 93060 CETA NATB                   | 20,981                        | 17,250                           | 3,731                             | 20,981                     | ---                                      |
| 93070 CETA ADULT WORK EXPERIENCE  | 607,840                       | 641,000                          | ( 33,160)                         | 607,840                    | ---                                      |
| 93080 CETA JOB FINDING CLUB       | 6,801                         | ---                              | 6,801                             | 6,801                      | ---                                      |
| 93090 CETA WORLD OF WORK          | 202,006                       | 182,856                          | 19,150                            | 202,006                    | ---                                      |
| 93100 CETA SERVICES               | 1,962,429                     | 1,880,646                        | 81,783                            | 1,962,429                  | ---                                      |
| 93140 CETA CEP                    | 1,544,839                     | 1,583,000                        | ( 38,161)                         | 1,544,839                  | ---                                      |
| 93160 GOVERNOR'S SPECIAL GRANT    | 27,996                        | 29,259                           | ( 1,263)                          | 27,996                     | ---                                      |
| 93270 CETA PSE TITLE II           | 3,816,539                     | 3,688,240                        | 128,299                           | 3,816,539                  | ---                                      |
| 93280 CETA PSE TITLE VI           | 1,348,666                     | 1,641,396                        | ( 292,730)                        | 1,348,666                  | ---                                      |
| 93290 CETA PSE TITLE VI EXTENSION | 1,376,272                     | 1,478,000                        | ( 101,728)                        | 1,376,272                  | ---                                      |
| 93350 YETP                        | 93,642                        | 91,961                           | 1,681                             | 93,642                     | ---                                      |
| 93830 CETA YES                    | 17,246                        | ---                              | 17,246                            | 17,246                     | ---                                      |
| 96310 UNION TAT                   | 40,153                        | 20,000                           | 20,153                            | 40,153                     | ---                                      |
| 96380 OLD WEST                    | 34,616                        | ---                              | 15,276                            | 15,276                     | 19,340                                   |
| 96610 MOES                        | 50,569                        | 38,980                           | 11,589                            | 50,569                     | ---                                      |
| 96700 NAPSIP                      | 19,204                        | 5,027                            | 14,177                            | 19,204                     | ---                                      |
| 97000 U.I. BENEFITS               | 39,546,986                    | 39,070,758                       | 476,228                           | 39,546,986                 | ---                                      |
| 99850 PENALTY AND INTEREST        | 5,650                         | 78,700                           | ( 73,050)                         | 5,650                      | ---                                      |
| 90101 FECA-UCFE                   | 1,931,946                     | ---                              | 1,931,000                         | 1,931,000                  | 946                                      |
| 90121 FECA-UCP                    | 43,937                        | ---                              | 40,000                            | 40,000                     | 3,937                                    |
| 91101 CETA IV JOB CORPS           | 172,830                       | ---                              | 172,830                           | 172,830                    | ---                                      |
| 91121 ETA/PSE                     | 188,526                       | ---                              | ---                               | ---                        | 188,526                                  |
| 91401 DVOP                        | 43,384                        | ---                              | 39,384                            | 39,384                     | 4,000                                    |
| 91531 CETA TAT                    | 34,765                        | ---                              | 12,765                            | 12,765                     | 22,000                                   |
| 91541 CETA III LMI                | 64,100                        | ---                              | 64,100                            | 64,100                     | ---                                      |
| 91751 TJTC                        | 77,679                        | ---                              | 77,679                            | 77,679                     | ---                                      |
| 92051 E.S. GRANTS                 | 4,959,386                     | ---                              | 4,604,188                         | 4,604,188                  | 355,198                                  |
| 92101 U.I. GRANTS                 | 4,807,020                     | ---                              | 4,561,000                         | 4,561,000                  | 246,020                                  |
| 92121 FOOD STAMPS                 | 229,088                       | ---                              | 195,000                           | 195,000                    | 34,088                                   |

| Prior Years<br>Expenditures | Current Year<br>Expenditures | Total<br>Expenditures | Resources<br>On Order | Total<br>Obligations | Ending Liability<br>To Sponsor | Unobligated<br>Balance |
|-----------------------------|------------------------------|-----------------------|-----------------------|----------------------|--------------------------------|------------------------|
| \$ 242,857                  | ---                          | \$ 242,857            | ---                   | \$ 242,857           | ---                            | ---                    |
| 1,830                       | ---                          | 1,830                 | ---                   | 1,830                | ---                            | ---                    |
| 71,517                      | \$ 21,345                    | 92,862                | ---                   | 92,862               | ---                            | ---                    |
| 4,213,644                   | 4,397                        | 4,218,041             | ---                   | 4,218,041            | ( \$ 2,386)                    | 234                    |
| 4,295,048                   | ( 46)                        | 4,295,002             | ---                   | 4,295,002            | ---                            | ---                    |
| 3,069                       | ---                          | 3,069                 | ---                   | 3,069                | ---                            | ---                    |
| ---                         | 450                          | 450                   | ---                   | 450                  | ---                            | ---                    |
| 152,300                     | 9,391                        | 161,691               | ---                   | 161,691              | ---                            | ---                    |
| 95,857                      | 43,546                       | 139,403               | ---                   | 139,403              | ---                            | ---                    |
| 55,310                      | 1,295                        | 56,605                | ---                   | 56,605               | ---                            | ---                    |
| ---                         | 137,284                      | 137,284               | \$ 22,243             | 159,527              | 2,716                          | 80,473                 |
| 119,003                     | 6,177                        | 125,180               | ---                   | 125,180              | ---                            | ---                    |
| 4,191,583                   | 111,878                      | 4,303,461             | ---                   | 4,303,461            | 3,730                          | 3,123                  |
| ---                         | 2,524                        | 2,524                 | ---                   | 2,524                | ---                            | 607                    |
| 4,399,753                   | ( 77,656)                    | 4,322,097             | ---                   | 4,322,097            | 8,268                          | 7,667                  |
| ---                         | 153,980                      | 153,980               | ---                   | 153,980              | ( 21,925)                      | 45,745                 |
| 176,260                     | ---                          | 176,260               | ---                   | 176,260              | ---                            | ---                    |
| 2,038,961                   | ---                          | 2,038,961             | ---                   | 2,038,961            | ---                            | ---                    |
| 1,458,695                   | ---                          | 1,458,695             | ---                   | 1,458,695            | ---                            | ---                    |
| 942,541                     | ---                          | 942,541               | ---                   | 942,541              | ---                            | ---                    |
| 65,206                      | ---                          | 65,206                | ---                   | 65,206               | ---                            | ---                    |
| 1,182,404                   | ---                          | 1,182,404             | ---                   | 1,182,404            | ---                            | ---                    |
| ( 2,603)                    | 2,603                        | ---                   | ---                   | ---                  | ---                            | ---                    |
| 1,022,632                   | ---                          | 1,022,632             | ---                   | 1,022,632            | ---                            | ---                    |
| 173,140                     | ---                          | 173,140               | ---                   | 173,140              | ---                            | ---                    |
| 970,070                     | ---                          | 970,070               | ---                   | 970,070              | ---                            | ---                    |
| 123,366                     | ( 8,996)                     | 114,370               | ---                   | 114,370              | ---                            | 8,997                  |
| 41,790                      | ( 4,957)                     | 36,833                | ---                   | 36,833               | ---                            | 4,956                  |
| 951,712                     | ( 134)                       | 951,578               | ---                   | 951,578              | ---                            | ---                    |
| 474,983                     | ( 5,845)                     | 469,138               | ---                   | 469,138              | ---                            | ---                    |
| 48,331                      | ( 34)                        | 48,297                | ---                   | 48,297               | ---                            | ---                    |
| 168,728                     | 544                          | 169,272               | ---                   | 169,272              | ---                            | ---                    |
| 20,981                      | ---                          | 20,981                | ---                   | 20,981               | ---                            | ---                    |
| 605,557                     | 2,283                        | 607,840               | ---                   | 607,840              | ---                            | ---                    |
| 6,948                       | ( 147)                       | 6,801                 | ---                   | 6,801                | ---                            | ---                    |
| 201,569                     | 437                          | 202,006               | ---                   | 202,006              | ---                            | ---                    |
| 1,978,880                   | ( 16,451)                    | 1,962,429             | ---                   | 1,962,429            | ---                            | ---                    |
| 1,546,055                   | ( 1,216)                     | 1,544,839             | ---                   | 1,544,839            | ---                            | ---                    |
| 28,687                      | ( 691)                       | 27,996                | ---                   | 27,996               | ---                            | ---                    |
| 3,921,392                   | ( 104,853)                   | 3,816,539             | ---                   | 3,816,539            | ---                            | ---                    |
| 1,317,127                   | 31,539                       | 1,348,666             | ---                   | 1,348,666            | ---                            | ---                    |
| 1,386,460                   | ( 10,188)                    | 1,376,272             | ---                   | 1,376,272            | ---                            | ---                    |
| 94,306                      | ( 664)                       | 93,642                | ---                   | 93,642               | ---                            | ---                    |
| 17,246                      | ---                          | 17,246                | ---                   | 17,246               | ---                            | ---                    |
| 40,153                      | ---                          | 40,153                | ---                   | 40,153               | ---                            | ---                    |
| 5,898                       | 12,941                       | 18,839                | ---                   | 18,839               | ( 3,563)                       | 15,777                 |
| 50,569                      | ---                          | 50,569                | ---                   | 50,569               | ---                            | ---                    |
| 27,730                      | ( 8,526)                     | 19,204                | ---                   | 19,204               | ---                            | ---                    |
| 39,546,986                  | ---                          | 39,546,986            | ---                   | 39,546,986           | ---                            | ---                    |
| 5,650                       | ---                          | 5,650                 | ---                   | 5,650                | ---                            | ---                    |
| ---                         | 1,931,946                    | 1,931,946             | ---                   | 1,931,946            | ( 946)                         | ---                    |
| ---                         | 43,937                       | 43,937                | ---                   | 43,937               | ( 3,937)                       | ---                    |
| ---                         | 172,364                      | 172,364               | ---                   | 172,364              | 466                            | 466                    |
| ---                         | 25,760                       | 25,760                | ---                   | 25,760               | ( 25,760)                      | 162,766                |
| ---                         | 33,272                       | 33,272                | ---                   | 33,272               | 6,112                          | 10,112                 |
| ---                         | 9,924                        | 9,924                 | 3,600                 | 13,524               | 2,841                          | 21,241                 |
| ---                         | 64,100                       | 64,100                | ---                   | 64,100               | ---                            | ---                    |
| ---                         | 76,451                       | 76,451                | ---                   | 76,451               | 1,228                          | 1,228                  |
| ---                         | 4,918,824                    | 4,918,824             | 40,549                | 4,959,373            | ( 314,636)                     | 13                     |
| ---                         | 4,789,959                    | 4,789,959             | 17,061                | 4,807,020            | ( 228,959)                     | ---                    |
| ---                         | 227,805                      | 227,805               | ---                   | 227,805              | ( 32,805)                      | 1,283                  |

DEPARTMENT OF LABOR AND INDUSTRY  
 JOB SERVICE DIVISION, UNEMPLOYMENT INSURANCE DIVISION AND CENTRALIZED SERVICES DIVISION  
 SCHEDULE OF FINANCIAL POSITION - CONTINUED  
 FISCAL YEAR ENDED SEPTEMBER 30, 1981

| <u>Fund Ledger Description</u>    | <u>Obligational Authority</u> | <u>Prior Years Cash Receipts</u> | <u>Current Year Cash Receipts</u> | <u>Total Cash Receipts</u> | <u>Funds Available But Not Withdrawn</u> |
|-----------------------------------|-------------------------------|----------------------------------|-----------------------------------|----------------------------|--|
| 92221 UCFE                        | \$ 499,345                    | ---                              | \$ 499,345                        | \$ 499,345                 | ---                                      |
| 92241 UCX                         | 1,589,985                     | ---                              | 1,550,000                         | 1,550,000                  | \$ 39,985                                |
| 92261 TEA                         | 2,142,980                     | ---                              | 2,009,522                         | 2,009,522                  | 133,458                                  |
| 92281 UCXP                        | 15,143                        | ---                              | 15,143                            | 15,143                     | ---                                      |
| 92291 UI-EB/FSB FEDERAL SHARE     | 1,745,088                     | ---                              | 1,746,844                         | 1,746,844                  | ( 1,756)                                 |
| 92321 UI-PSE                      | 832,547                       | ---                              | 779,387                           | 779,387                    | 53,160                                   |
| 92361 DUA ADMIN                   | 7,200                         | ---                              | 5,200                             | 5,200                      | 2,000                                    |
| 92371 DUA ALLOWANCES              | 32,800                        | ---                              | 19,800                            | 19,800                     | 13,000                                   |
| 92511 WIN STATE CENTRAL           | 264,671                       | ---                              | 253,635                           | 253,635                    | 11,036                                   |
| 92521 WIN LOCAL PROJECT           | 1,105,250                     | ---                              | 967,000                           | 967,000                    | 138,250                                  |
| 93011 CETA CLASSROOM TRAINING     | 963,087                       | ---                              | 910,000                           | 910,000                    | 53,087                                   |
| 93021 CETA OUT                    | 882,616                       | ---                              | 760,000                           | 760,000                    | 122,616                                  |
| 93051 CETA BASIC EDUCATION        | 134,109                       | ---                              | 134,100                           | 134,100                    | 9  |
| 93061 CETA NATB                   | 25,000                        | ---                              | 25,000                            | 25,000                     | ---                                      |
| 93071 CETA ADULT WORK EXPERIENCE  | 390,857                       | ---                              | 355,000                           | 355,000                    | 35,857                                   |
| 93081 CETA JOB FINDING CLUB       | 195,075                       | ---                              | 185,000                           | 185,000                    | 10,075                                   |
| 93091 CETA WORLD OF WORK          | 188,944                       | ---                              | 185,900                           | 185,900                    | 3,044                                    |
| 93101 CETA SERVICES               | 2,195,577                     | ---                              | 2,160,000                         | 2,160,000                  | 35,577                                   |
| 93141 CETA CEP                    | 1,553,850                     | ---                              | 1,463,000                         | 1,463,000                  | 90,850                                   |
| 93161 GOVERNOR'S SPECIAL GRANT    | 149,685                       | ---                              | 124,478                           | 124,478                    | 25,207                                   |
| 93271 CETA PSE TITLE II           | 2,228,874                     | ---                              | 2,229,000                         | 2,229,000                  | ( 126)                                   |
| 93281 CETA PSE TITLE VI           | 466,663                       | ---                              | 503,000                           | 503,000                    | ( 36,337)                                |
| 93291 CETA PSE TITLE VI EXTENSION | 476,942                       | ---                              | 530,000                           | 530,000                    | ( 53,058)                                |
| 93351 CETA YETP                   | 101,460                       | ---                              | 101,460                           | 101,460                    | ---                                      |
| 96181 PRIVATE INDUSTRY COUNCIL    | ---                           | ---                              | ---                               | ---                        | ---                                      |
| 96191 PINE HILLS FLP              | ---                           | ---                              | ---                               | ---                        | ---                                      |
| 96311 UNION TAT                   | 55,000                        | ---                              | 55,000                            | 55,000                     | ---                                      |
| 96481 PIC-PROJECT TRANSITION      | 31,798                        | ---                              | 19,794                            | 19,794                     | 12,004                                   |
| 96611 MOES                        | 34,000                        | ---                              | 32,937                            | 32,937                     | 1,063                                    |
| 96701 NAPSIP                      | 29,221                        | ---                              | 26,604                            | 26,604                     | 2,617                                    |
| 97001 U.I. BENEFITS               | 42,164,115                    | ---                              | 42,061,271                        | 42,061,271                 | 102,844                                  |
| 99851 PENALTY AND INTEREST        | 207,100                       | ---                              | 207,100                           | 207,100                    | ---                                      |
| <b>TOTAL</b>                      | <b>\$152,233,856</b>          | <b>\$77,869,001</b>              | <b>\$ 72,512,696</b>              | <b>\$ 150,381,697</b>      | <b>\$ 1,852,159</b>                      |

| <u>Prior Years<br/>Expenditures</u> | <u>Current Year<br/>Expenditures</u> | <u>Total<br/>Expenditures</u> | <u>Resources<br/>On Order</u> | <u>Total<br/>Obligations</u> | <u>Ending Liability<br/>To Sponsor</u> | <u>Unobligated<br/>Balance</u> |
|-------------------------------------|--------------------------------------|-------------------------------|-------------------------------|------------------------------|--|--------------------------------|
| ---                                 | \$ 499,345                           | \$ 499,345                    | ---                           | \$ 499,345                   | ---                                    | ---                            |
| ---                                 | 1,543,485                            | 1,543,485                     | ---                           | 1,543,485                    | \$ 6,515                               | \$ 46,500                      |
| ---                                 | 1,989,017                            | 1,989,017                     | ---                           | 1,989,017                    | 20,505                                 | 153,963                        |
| ---                                 | 15,143                               | 15,143                        | ---                           | 15,143                       | ---                                    | ---                            |
| ---                                 | 1,745,088                            | 1,745,088                     | ---                           | 1,745,088                    | 1,756                                  | ---                            |
| ---                                 | 772,027                              | 772,027                       | ---                           | 772,027                      | 7,360                                  | 60,520                         |
| ---                                 | 6,290                                | 6,290                         | ---                           | 6,290                        | ( 1,090)                               | 910                            |
| ---                                 | 19,424                               | 19,424                        | ---                           | 19,424                       | 376                                    | 13,376                         |
| ---                                 | 247,314                              | 247,314                       | ---                           | 247,314                      | 6,321                                  | 17,357                         |
| ---                                 | 949,518                              | 949,518                       | ---                           | 949,518                      | 17,482                                 | 155,732                        |
| ---                                 | 933,337                              | 933,337                       | ---                           | 933,337                      | ( 23,337)                              | 29,750                         |
| ---                                 | 794,947                              | 794,947                       | ---                           | 794,947                      | ( 34,947)                              | 87,669                         |
| ---                                 | 124,609                              | 124,609                       | ---                           | 124,609                      | 9,491                                  | 9,500                          |
| ---                                 | 24,045                               | 24,045                        | ---                           | 24,045                       | 955                                    | 955                            |
| ---                                 | 367,272                              | 367,272                       | ---                           | 367,272                      | ( 12,272)                              | 23,585                         |
| ---                                 | 192,778                              | 192,778                       | ---                           | 192,778                      | ( 7,778)                               | 2,297                          |
| ---                                 | 188,894                              | 188,894                       | ---                           | 188,894                      | ( 2,994)                               | 50                             |
| ---                                 | 2,117,867                            | 2,117,867                     | ---                           | 2,117,867                    | 42,133                                 | 77,710                         |
| ---                                 | 1,387,736                            | 1,387,736                     | ---                           | 1,387,736                    | 75,264                                 | 166,114                        |
| ---                                 | 147,281                              | 147,281                       | ---                           | 147,281                      | ( 22,803)                              | 2,404                          |
| ---                                 | 2,033,723                            | 2,033,723                     | ---                           | 2,033,723                    | 195,277                                | 195,151                        |
| ---                                 | 459,293                              | 459,293                       | ---                           | 459,293                      | 43,707                                 | 7,370                          |
| ---                                 | 476,542                              | 476,542                       | ---                           | 476,542                      | 53,458                                 | 400                            |
| ---                                 | 94,007                               | 94,007                        | ---                           | 94,007                       | 7,453                                  | 7,453                          |
| ---                                 | 29,797                               | 29,797                        | ---                           | 29,797                       | ( 29,797)                              | ( 29,797)                      |
| ---                                 | 1,062                                | 1,062                         | ---                           | 1,062                        | ( 1,062)                               | ( 1,062)                       |
| ---                                 | 47,127                               | 47,127                        | ---                           | 47,127                       | 7,873                                  | 7,873                          |
| ---                                 | 27,262                               | 27,262                        | ---                           | 27,262                       | ( 7,468)                               | 4,536                          |
| ---                                 | 31,245                               | 31,245                        | ---                           | 31,245                       | 1,692                                  | 2,755                          |
| ---                                 | 27,816                               | 27,816                        | ---                           | 27,816                       | ( 1,212)                               | 1,405                          |
| ---                                 | 42,164,115                           | 42,164,115                    | ---                           | 42,164,115                   | ( 102,844)                             | ---                            |
| ---                                 | 139,940                              | 139,940                       | \$ 10,568                     | 150,508                      | 67,160                                 | 56,592                         |
| <u>\$78,480,181</u>                 | <u>\$ 72,193,898</u>                 | <u>\$150,674,079</u>          | <u>\$ 94,021</u>              | <u>\$150,768,100</u>         | <u>(\$292,382)</u>                     | <u>\$1,465,756</u>             |

DEPARTMENT OF LABOR AND INDUSTRY  
JOB SERVICE DIVISION  
UNEMPLOYMENT INSURANCE DIVISION  
CENTRALIZED SERVICES DIVISION

NOTES TO SCHEDULES  
September 30, 1982

1. Basis of Preparation

All schedules except the schedule of capital projects were prepared using reports 62 and 69 of the State Employment Security Agency System (SESA). The schedule of capital projects was prepared by the auditors, using data obtained from the Department of Administration, Architecture and Engineering Division.

2. Construction-in-Progress

Construction-in-progress has been adjusted to reflect actual balances at September 30, 1981 and 1982.

AGENCY REPLY



DEPARTMENT OF LABOR AND INDUSTRY  
COMMISSIONER'S OFFICE



TED SCHWINDEN, GOVERNOR

STATE CAPITOL

STATE OF MONTANA

(406) 449 3661

February 17, 1983

HELENA, MONTANA 59620

Newland, Horn, Crippen & Peck, P.C.  
53 West Broadway  
Butte, Montana 59701

Gentlemen:

We have reviewed the audit report by Mr. Dick Tamblyn and Associates of your staff subsequent to his examination of the accounts and programs contained in the Job Service Division, Unemployment Insurance Division and Centralized Services Division of the Department of Labor and Industry.

We found Mr. Tamblyn's examination to be comprehensive and for the most part agree with his report. The audit was completed quietly, courteously and we believe it will be helpful to our staff.

The following are our specific responses to the recommendations contained in the report.

Recommendation:

Obtain US DOL approval prior to issuance of bonds.

Our Reply:

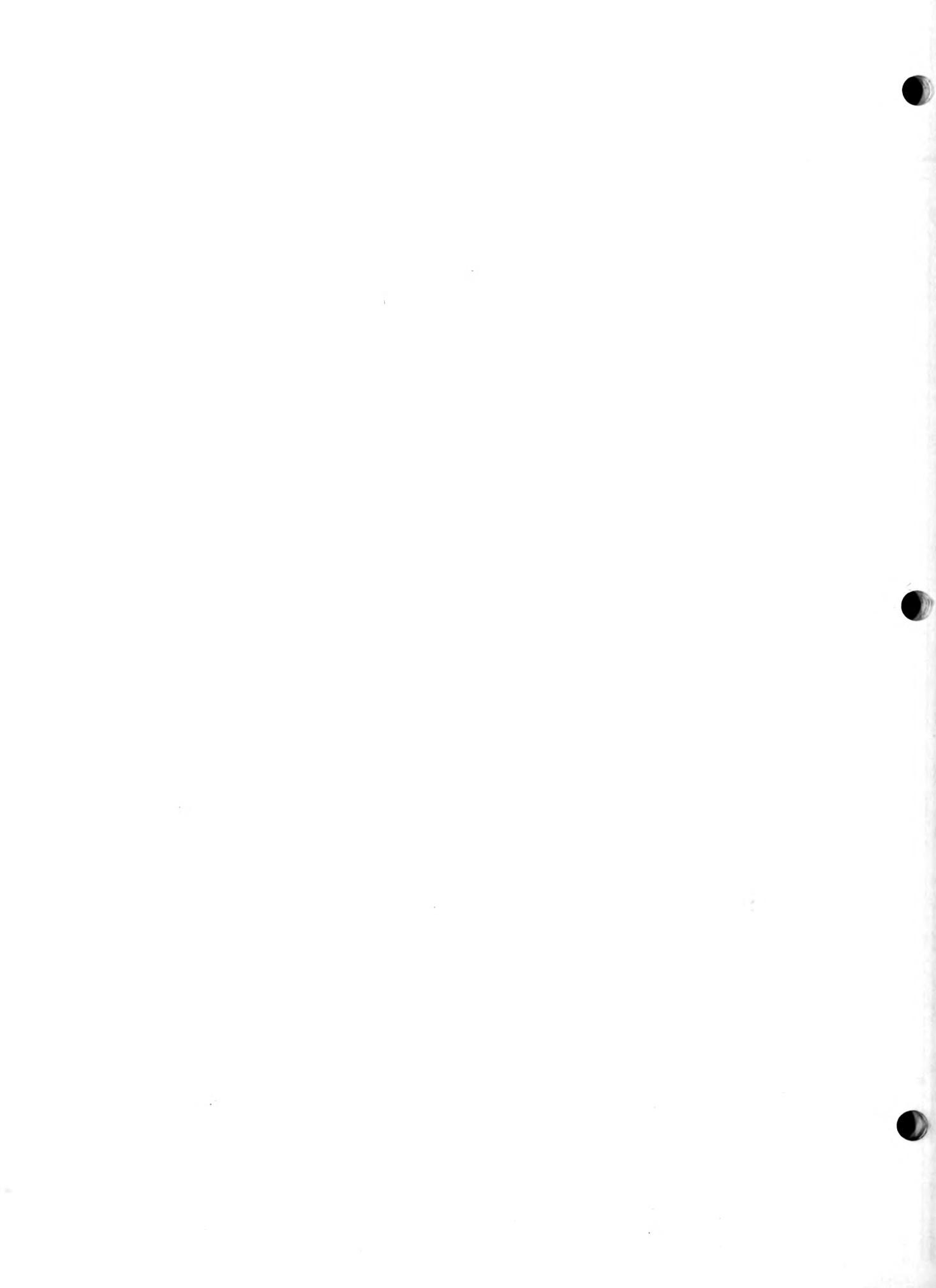
Concur. The Regional Office was made aware of intent to build. Verbal approval was given and the Department agreed to furnish specific information after bonds were issued and contracts let.

Recommendation:

Obtain written authorization from DOL for all transfers of expenses between project codes.

Our Reply:

Approval had been given to us verbally and we requested written approval. Bob Harden of DOL gave us "bottom-line", i.e., approval to transfer between grants program. (92051 & 92101) CIDS and CETA LMI data are usually from the same base, making it difficult to determine program charges. This transfer was a correcting entry.



Recommendation:

Take appropriate measures in keeping Trust Fund solvent.

Our Reply:

We concur. This agency has submitted legislation to the 1983 legislature with the support of the Governor. Because unemployment benefits are a statutory right, there are no administrative actions that the agency can take to insure solvency.

Recommendation:

Overobligated Spending Authority.  
No recommendations made by auditors

Our Reply:

This is and will continue to be an ongoing problem. Program 96181 and 96191 are reimbursable programs whereby the agency is reimbursed for actual expenditures. The other programs are issued obligational authority from the Denver Regional Office after the exact amount of the program is known.

Estimated contingency earnings and benefit payments obligational authority is given the agency at the beginning of the quarter. If the agency earns and uses more than the initial estimate, it is given the additional O.A. after the end of the quarter.

Recommendation:

Apply the approved overhead allocation consistently for all programs.

Our Reply:

Concur. All contracts should include allocated overhead.

Recommendation:

Obtain US DOL approval to expend federal moneys in payment of bonds issued for unconstructed buildings.

Our Reply:

Concur.



Recommendation:

Obtain prior written US DOL approval.

Our Reply:

This was based on an estimated projected loss of lawsuits. Regional Office was notified of our obligation. They will reply.

Recommendation:

We recommend that the department insure that programmers are properly supervised at all times and that systems maintenance procedures are strictly enforced.

Our Reply:

Concur.

Recommendation:

- A. Insure the disaster back-up and recovery plan is finalized and satisfies all department systems back-up and recovery needs.

Our Reply:

Concur.

- B. Consider utilizing fire detection and protection devices in the computer room.

Our Reply:

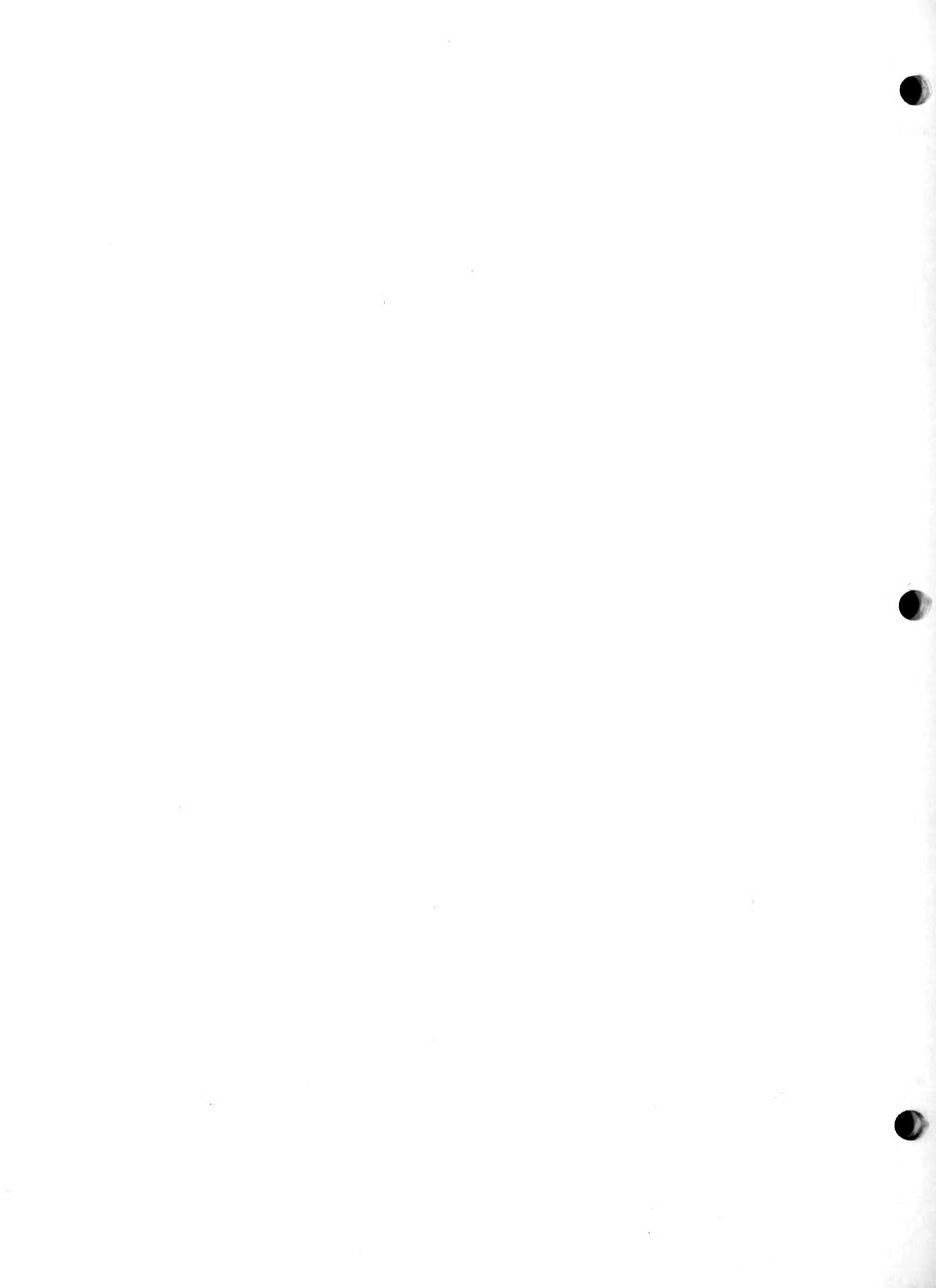
Concur.

Recommendation:

We recommend the Department develop and maintain adequate documentation, including USER manuals, for systems currently in production and for all new systems.

Our Reply:

Partially concur. All new systems are being documented, including USER manuals. Systems, programming, and operations documentation is in place for all production systems. USER manuals for all systems in production would be useful, but cost preventative.



Recommendation:

Implement procedures whereby the daily output of employer account activity is reviewed and reconciled by a key employee not involved with input.

Our Reply:

We are changing the responsibility in Contributions Section to provide for control of tax entries into the computer system.

Recommendation:

That the Department study the feasibility of utilizing the state's computer for processing CETA and WIN payments.

Our Reply:

Concur. The Department is aware of the limitations of the payment system presently being used. It is our intention to further study the system used by the Department of Social and Rehabilitative Services for participant payments, which utilizes the state's computer. We have delayed the study because of the replacement of CETA with the Job Training Partnership Act effective October 1, 1983 and the publication of final regulations.

Recommendation:

Record the check numbers of checks pulled for subsequent verification.

Our Reply:

We will see to it that the check numbers are recorded.

Recommendation:

Instruct the local offices to insure that all wage information during the "waiting week" is obtained in the interview process.

Our Reply:

We will re-emphasize the existing policy to Job Service offices to inform the claimants that it is a requirement of the law to indicate on their claim form 203 if they have had employment during their waiting week.



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Newland, Horn, Crippen & Peck, P.C.

Recommendation:

Fraud Control Program.

Our Reply:

- a. Concur
- b. Concur

Recommendation:

Implement procedures to include interstate claimants in the current cross-match.

Our Reply:

We are presently working with the federal government and all the states in a new interstate program called Internet. It is expected that after April 1st we will be able to start developing a cross match system with other states. Presently, there are pilot studies being made which will be available to us.

Recommendation:

Follow-up on possible employers wage reporting problems disclosed by the fraud detection section.

Our Reply:

We agree that the Fraud Investigation Bureau should refer wage conflicts to the Employer Services Bureau for audit and further investigation. Once its referrals are made, Employer Services Bureau does follow up.

Recommendation:

Consider coordinating with the other state agencies the performance of audits on out-of-state employers doing business in Montana.

Our Reply:

We are currently conducting joint audits which include Worker's Compensation and Unemployment Insurance. Discussions are being had with the Department of Revenue that would involve auditing for that agency at the same time arrangements may be made for out-of-state auditing through their corporate auditors. We currently do have out-of-state audits conducted for us by other state unemployment insurance divisions.



Recommendation:

Implement proper cash cut-off procedures.

Agency Reply:

Concur

Recommendation:

- A. Insure that stop-pays are on the computer file for each claimant included in accounts receivable.

Our Reply:

Concur. There could be some few occasions where the claim and the stop pay order cross, since we are writing checks daily. We will review our stop pay method as it relates to the unemployment claim.

- B. Insure that the accounts receivable clerk receives all information related to account changes.

Our Reply:

Concur. We were not aware that the accounts receivable clerk is not receiving all the information. Now appears this occurs (1) where collections from the Department of Revenue are involved and receive lump sum payments and where an overpayment has been waived and action inadvertently missed. We are working to improve the control of notification to the accounts receivable clerk.

- C. Completely research all accounts within OPACS to determine support for these accounts which have and have not been turned over to the Department of Revenue

Our Reply:

Concur. The OPAC system does reflect those accounts which have been turned over to Revenue for collection; however, we do not have a program to list the individual accounts that have been referred and those accounts that have been retained. We are having a program written to provide these lists.

Recommendation:

Revise combined wage claim billings to reflect any revised determinations.

Our Reply:



We are presently revising the combined wage claim redetermination and will be putting a system in place to revise the billing of combined wage claims.

Recommendation:

- A. Rectify the alleged overpayment with the individual and not allow situations such as this to occur in the future; and;
- B. Continue to consult with the Department of Revenue in turning CETA and WIN overpayments over to them. This action will help to improve collection efforts.

Our Reply:

- A. We do not believe this case necessitates a hearing as requested by the participant, but is a matter to be resolved with the grantor agency. Therefore, it is our intent to resolve the \$1223 CETA overpayment with the Grant Officer, U.S. Department of Labor, Employment and Training Administration, Denver Regional Office. The participant at the time of the overpayment possessed minimal language skills and relied on a welfare case-worker to get through the ADC and CETA systems. There was no indication on the part of the participant of any fraudulent behavior. The participant will be informed of our decision.
- B. We will continue to consult with the Department of Revenue in turning CETA and WIN overpayments to them for collection. With the new Job Training Partnership Act and increased utilization of the state's computer, the incidence of overpayment could be significantly reduced.

Recommendation:

Determine most informative and logical year-end for reporting purposes.

Our Reply:

Our state budget is on a July 1 - FY  
Our federal budget is on a Oct 1 - FY  
The President's budget proposes changing Job Training to a Jan 1 - FY

This has been and will be an ongoing concern as we are in essence now keeping two sets of books. Until there is a relaxation on one or the other requirements, continuance seems imminent.



